



3 1223 03729 3884

YERBA BUENA GARDENS

DOCUMENTS DEPT.

OCT 18 1984

SAN FRANCISCO
PUBLIC LIBRARY

DISPOSITION AND DEVELOPMENT AGREEMENT

BETWEEN

THE REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO

AND

YBG ASSOCIATES, a California limited partnership
of which Olympia & York California Equities
Corp. and Marriott Corporation are the
sole general partners

Dated as of October 15, 1984

Volume: 4 of 8 volumes

Containing: Attachment No. 7(A) - Hotel Lease

D REF 346.7946 Y442 1984
v. 4

Yerba Buena Gardens :
disposition and
1984.

3 1223 03729 3884

S.F. PUBLIC LIBRARY

INDEX

Volume 1

Economic Reports
Staff Summaries

Volume 2 - DDA

Attachment No. 1 - Legal Description of Site
Attachment No. 2 - Perimeter Plot Plan
Attachment No. 3 - Legal Description of Developer Parcels

Volume 3

Attachment No. 4 - Site Plan
Attachment No. 5 - Scope of Development
Attachment No. 6 - Schedule of Performance

Volume 4


Attachment No. 7(A) - Hotel Lease

Volume 5

Attachment No. 7(B) - ARE/Retail Lease
Attachment No. 7(C) - CB-3 Sublease between the Agency and
the Developer

Volume 6

Attachment No. 8(A) - Hotel Lease Guaranty
Attachment No. 8(B) - ARE/Retail Lease Guaranty
Attachment No. 8(C) - CB-3 Sublease Guaranty
Attachment No. 9 - Hotel Escrow Instructions
Attachment No. 10 - Hotel Business Letter
Attachment No. 11 - Rouse Business Letter
Attachment No. 12 - Jessie Street Sublease
Attachment No. 13 - Approved Title Exceptions
Attachment No. 14(A)-(D) - Deeds
Attachment No. 15(A)-(D) - Quitclaim Deeds
Attachment No. 15(E) - Escrow Instruction for Quitclaim



Digitized by the Internet Archive
in 2016

Volume 7

Attachment No. 16 - REA
Attachment No. 17 - Retail/Residential REA
Attachment No. 18 - Form of Permit to Enter
Attachment No. 20 - Form of Construction Inspection
Certificate
Attachment No. 21 - Affirmative Action Plan
Attachment No. 22 - Mitigation Measures
Attachment No. 23(A) - Memorandum of Agreement - Jessie
Street Substation
Attachment No. 23(B) - Memorandum of Agreement -
Williams Building
Attachment No. 24 - DDA Guaranty
Attachment No. 25 - Form of Certificate of Completion and
Right to Occupy

Volume 8

Attachment No. 26(A) - CB-3 Coordination Agreement
Attachment No. 26(B) - CB-3 Agreement to Lease
Attachment No. 27 - Sublease of CB-3 between the City
and the Agency
Attachment No. 28 - CB-3 Easement Agreement
Attachment No. 30(A)-(G) - Quitclaim Deeds
Attachment No. 31 - Escrow Instructions for Quitclaims

Attachment No. 7A
to the
DDA

THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO,
LANDLORD

AND

YBG ASSOCIATES, a California limited partnership
TENANT

LEASE

FOR THE

YERBA BUENA GARDENS CENTER HOTEL

Dated , 198

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| RECITALS | 1 |
| ARTICLE 1 PREMISES; TERM | 3 |
| Section 1.01 Premises | 3 |
| Section 1.02 Initial Term | 4 |
| Section 1.03 Options to Extend. | 4 |
| ARTICLE 2 NET RENT AND ADDITIONAL RENT | 6 |
| Section 2.01 Net Rent | 6 |
| Section 2.02 Definitions for Net Rent | 6 |
| Section 2.03 Payment of Holding Rent. | 11 |
| Section 2.04 Initial Term Minimum Rent. | 12 |
| Section 2.05 Initial Term Percentage Rent | 13 |
| Section 2.06 Payment of Minimum and Percentage Rent | 13 |
| Section 2.07 Statements | 14 |
| Section 2.08 Books and Records. | 15 |
| Section 2.09 No Setoff. | 18 |
| Section 2.10 Additional Rent. | 18 |
| Section 2.11 Payments into Separate Account | 19 |
| Section 2.12 Rent During Extended Terms | 20 |
| ARTICLE 3 DEVELOPMENT; OPENING DATE. | 23 |
| Section 3.01 Development; Opening Date. | 23 |
| Section 3.02 Tenant to Furnish and Equip the Hotel. | 24 |

| | |
|--|----|
| ARTICLE 4 PAYMENT OF IMPOSITIONS | 26 |
| Section 4.01 Taxes. | 26 |
| Section 4.02 Additional Taxes | 30 |
| Section 4.03 Landlord's Right to Pay. | 31 |
| ARTICLE 5 CONTESTS | 32 |
| Section 5.01 Contests | 32 |
| ARTICLE 6 INSURANCE. | 33 |
| Section 6.01 All Risk Coverage and Liability. | 33 |
| Section 6.02 Carriers; Policies | 36 |
| Section 6.03 Liability Policies | 37 |
| Section 6.04 All Policies | 37 |
| Section 6.05 Landlord's Right to Maintain | 38 |
| Section 6.06 Assignment of Policies | 38 |
| Section 6.07 Proceeds | 39 |
| Section 6.08 Certificate of Insurance | 39 |
| Section 6.09 Release and Waiver of Subrogation; Parties. | 40 |
| ARTICLE 7 LANDLORD'S RIGHT TO PERFORM TENANT'S COVENANTS | 40 |
| Section 7.01 Landlord's Right to Perform Tenant's Covenants. | 40 |
| ARTICLE 8 COVENANTS AGAINST WASTE AND TO REPAIR AND MAINTAIN PREMISES | 41 |
| Section 8.01 No Waste | 41 |
| Section 8.02 Repairs. | 41 |

| | |
|--|----|
| ARTICLE 9 COMPLIANCE WITH LAWS, ORDINANCES AND | |
| AGREEMENTS. | 42 |
| Section 9.01 Compliance | 42 |
| ARTICLE 10 CHANGES, ALTERATIONS AND ADDITIONS. | 43 |
| Section 10.01 Changes and Alterations | 43 |
| Section 10.02 Further Requirements. | 46 |
| Section 10.03 Architect's Supervision | 49 |
| Section 10.04 Title to Improvements | 49 |
| Section 10.05 Right to Demolish and Rebuild | 50 |
| Section 10.06 Memorandum of Agreement | 51 |
| ARTICLE 11 UTILITY SERVICES. | 52 |
| Section 11.01 Utility Services. | 52 |
| ARTICLE 12 DAMAGE OR DESTRUCTION | 52 |
| Section 12.01 Notice | 52 |
| Section 12.02 Damage or Destruction to | |
| Improvements | 53 |
| Section 12.03 Clearing Debris from Razed | |
| Improvements | 55 |
| Section 12.04 No Relief from Liability | 55 |
| Section 12.05 Insurance Proceeds | 56 |
| ARTICLE 13 CONDEMNATION | 57 |
| Section 13.01 Notice | 57 |
| Section 13.02 Total Taking | 58 |
| Section 13.03 Partial Taking | 59 |
| Section 13.04 Awards | 59 |

| | |
|--|----|
| ARTICLE 14 LIENS. | 62 |
| Section 14.01 No Liens | 62 |
| Section 14.02 Mechanics' Liens | 63 |
| ARTICLE 15 INSPECTION OF PREMISES BY LANDLORD | 64 |
| Section 15.01 Entry. | 64 |
| Section 15.02 Exhibit for Sale or Lease. | 65 |
| ARTICLE 16 ASSIGNMENTS AND SUBLEASES. | 65 |
| Section 16.01 Definitions For Assignment and Subletting | 65 |
| Section 16.02 Assignment, Significant Change and Substantial Subletting Prior to Completion | 70 |
| Section 16.03 Post-Completion Assignment, Significant Change and Substantial Subletting. | 74 |
| Section 16.04 Additional Requirements For All Assignments and Subletting, Etc. | 75 |
| Section 16.05 Assignment of Rents. | 80 |
| Section 16.06 Attornment | 80 |
| Section 16.07 Landlord's Sale or Assignment. | 81 |
| Section 16.08 Compliance By Subtenants | 82 |
| Section 16.09 Guest Rooms and Meeting Rooms. | 83 |
| ARTICLE 17 INDEMNIFICATION OF LANDLORD. | 84 |
| Section 17.01 Indemnification of Landlord. | 84 |

| | |
|---|-----|
| ARTICLE 18 USE OF PREMISES; SURRENDER OF PREMISES | 85 |
| Section 18.01 Use of Premises. | 85 |
| Section 18.02 Manager. | 86 |
| Section 18.03 Purchase of Property by Landlord | 90 |
| Section 18.04 Surrender. | 91 |
| Section 18.05 Compliance with | |
| Mitigation Measures. | 91 |
| ARTICLE 19 QUIET ENJOYMENT. | 91 |
| Section 19.01 Quiet Enjoyment. | 91 |
| ARTICLE 20 TRANSFER BY LANDLORD | 92 |
| Section 20.01 Transfer by Landlord | 92 |
| ARTICLE 21 EVENTS OF DEFAULT; TERMINATION. | 93 |
| Section 21.01 Events of Default. | 93 |
| ARTICLE 22 CURRENT REMEDIES | 96 |
| Section 22.01 Current Remedies | 96 |
| ARTICLE 23 ULTIMATE REMEDIES. | 101 |
| Section 23.01 Termination. | 101 |
| Section 23.02 Continuation of Sublease and Other | |
| Agreements | 101 |
| ARTICLE 24 LANDLORD'S EQUITABLE RELIEF. | 102 |
| Section 24.01 Landlord's Equitable Relief. | 102 |
| ARTICLE 25 NO WAIVER, ETC. BY LANDLORD OR TENANT | 102 |
| Section 25.01 No Waiver, Etc. by Landlord | |
| or Tenant | 103 |

| | |
|---|-----|
| ARTICLE 26 LANDLORD'S REMEDIES, ETC. CUMULATIVE. | 103 |
| Section 26.01 Landlord's Remedies, Etc., | |
| Cumulative. | 103 |
| ARTICLE 27 ACCEPTANCE OF SURRENDER | 104 |
| Section 27.01 Acceptance of Surrender | 104 |
| ARTICLE 28 NO MERGER OF TITLE. | 104 |
| Section 28.01 No Merger of Title | 104 |
| ARTICLE 29 ESTOPPEL CERTIFICATE BY TENANT | 105 |
| Section 29.01 Estoppel Certificate by Tenant | 105 |
| ARTICLE 30 ESTOPPEL CERTIFICATE BY LANDLORD | 105 |
| Section 30.01 Estoppel Certificate by Landlord | 105 |
| ARTICLE 31 ARBITRATION; APPRAISAL | 106 |
| Section 31.01 Arbitration. | 106 |
| Section 31.02 Appraisal. | 107 |
| ARTICLE 32 END OF LEASE TERM. | 109 |
| Section 32.01 End of Lease Term. | 109 |
| ARTICLE 33 PROVISIONS SUBJECT TO APPLICABLE LAW | 109 |
| Section 33.01 Provisions Subject to Applicable | |
| Law. | 109 |
| ARTICLE 34 SUBORDINATION TO REA | 110 |
| Section 34.01 Subordination to REA | 110 |
| ARTICLE 35 LIMITED RECOURSE RESPECTING TENANT | 110 |
| Section 35.01 Limited Recourse | 110 |
| Section 35.02 Conflict with Other Provisions | 112 |

| | |
|--|-----|
| ARTICLE 36 NOTICES. | 113 |
| Section 36.01 Notices. | 113 |
| ARTICLE 37 INVALIDITY OF PARTICULAR PROVISIONS; | |
| FORCE MAJEURE | 114 |
| Section 37.01 Invalidity of Particular Provisions. | 114 |
| Section 37.02 Force Majeure; Delay due to | |
| Force Majeure. | 114 |
| ARTICLE 38 COVENANTS TO BIND AND BENEFIT | |
| RESPECTIVE PARTIES | 115 |
| Section 38.01 Covenants to Bind and Benefit | |
| Respective Parties | 115 |
| ARTICLE 39 RIGHT OF FIRST NEGOTIATION | 116 |
| Section 39.01 Right of First Negotiation | 116 |
| ARTICLE 40 NO RECOURSE TO LANDLORD. | 116 |
| Section 40.01 No Recourse. | 116 |
| ARTICLE 41 EASEMENTS. | 117 |
| Section 41.01 Reservation of Landlord's Easements. | 117 |
| Section 41.02 Special Hotel Easements. | 125 |
| Section 41.03 Retail Parcels, Joint Management | |
| Areas and Easements. | 136 |
| Section 41.03.01 Grant of Easements for | |
| Benefit of Retail Parcels | 137 |
| Section 41.03.02 Grant of Easements for | |
| Benefit of Premises | 140 |
| Section 41.03.03 Maintenance, Use, Duration | |
| and Termination of Easements. | 142 |

| | |
|--|-----|
| Section 41.03.04 Rules and Regulations. | 149 |
| Section 41.03.05 Future Construction, Alteration and Remodeling | 150 |
| Section 41.03.06 Tenant's Maintenance and Operating Responsibilities. | 151 |
| Section 41.03.07 Payment of Joint Management Costs | 154 |
| Section 41.03.08 Operating Agreement. | 159 |
| Section 41.03.09 Liens. | 159 |
| Section 41.03.10 Insurance. | 160 |
| Section 41.03.11 Damage, Destruction or Condemnation. | 161 |
| Section 41.03.12 (Omitted). | 165 |
| Section 41.03.13 Defaults and Special Remedies. | 165 |
| Section 41.03.14 Mortgagee Protections. | 170 |
| Section 41.03.15 Covenants Run with the Land. | 171 |
| Section 41.03.16 Not a Public Dedication. | 172 |
| Section 41.03.17 Limited Liability of Landlord. | 173 |
| Section 41.04 Transfers of Interest | 173 |
| Section 41.05 Construction Easements | 178 |
| ARTICLE 42 NO JOINT VENTURE | 179 |
| Section 42.01 No Joint Venture | 179 |

| | |
|--|-----|
| ARTICLE 43 MORTGAGE OF LEASEHOLD. | 180 |
| Section 43.01 No Mortgage Except as Set | |
| Forth Herein | 180 |
| Section 43.02 Leasehold Mortgage | 180 |
| Section 43.03 Notice of Mortgage | 181 |
| Section 43.04 Purpose of Mortgage. | 182 |
| Section 43.05 Amount Secured | 182 |
| Section 43.06 Interest Covered by Mortgage | 184 |
| Section 43.07 Insurance and Condemnation Proceeds. | 184 |
| Section 43.08 Institutional Lender | 185 |
| Section 43.09 Rights Subject to Lease. | 185 |
| Section 43.10 Required Provisions of any Mortgage. | 186 |
| Section 43.11 Address of Leasehold Mortgagee | 188 |
| Section 43.12 Mortgagee's Right to Cure. | 188 |
| Section 43.13 Landlord's Purchase. | 194 |
| Section 43.14 Assignment by Mortgagee. | 196 |
| ARTICLE 44 NON-DISCRIMINATION | 196 |
| Section 44.01 Non-Discrimination | 196 |
| Section 44.02 Non-Discrimination and Non-Segregation | 197 |
| Section 44.03 Enforcement of Non-Discrimination | |
| Covenants. | 198 |
| Section 44.04 Affirmative Action After | |
| Completion of Improvements | 199 |
| ARTICLE 45 ATTORNEYS' FEES. | 198 |
| Section 45.01 Attorneys' Fees. | 199 |

ARTICLE 46 RECORDING OF LEASE 199

 Section 46.01 Recording of Lease 199

ARTICLE 47 DEFINITION OF CERTAIN TERMS. 199

 Section 47.01 Definitions. 199

EXHIBITS:

EXHIBIT A - Description of Site

EXHIBIT B - CB-1 Hotel Site

EXHIBIT B-1 - Portion of CB-1 Hotel Site

EXHIBIT C - CB-2 Hotel Site

EXHIBIT D - Tunnel

EXHIBIT E - Permitted Exceptions

EXHIBIT F - Pass Through Subtenant Uses

EXHIBIT G - Form of Accounting Statement

EXHIBIT H - Liens on Personal Property

EXHIBIT I - Affirmative Action Program

EXHIBIT J - Mitigation Measures

EXHIBIT K - Site Plan Showing Easements

THIS LEASE, dated _____ 198 , is made by and between THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic (which, together with any successor public body or officer hereafter designated by or pursuant to law, is hereinafter called "Landlord") established pursuant to Chapter 2 of the Community Redevelopment Law of the State of California and having its office at 939 Ellis Street, San Francisco, California 94109, and YBG ASSOCIATES, a California limited partnership, having its principal office and place of business at 182 Second Street, San Francisco, California 94105, (hereinafter called "Tenant").

R E C I T A L S

A. All capitalized terms used herein and not defined in the section where first used in this Lease are defined in Article 47 hereof or the definition of such capitalized term is referenced in Article 47 hereof.

B. Landlord owns the fee estate in certain land located in the City and County of San Francisco, State of California, described in Exhibit A attached hereto (the "Site")

which includes the land described in Exhibit B attached hereto, a portion of which is underground (the "CB-1 Hotel Site"), the land described in Exhibit C attached hereto, which is underground (the "CB-2 Hotel Site"), and certain subterranean land described in Exhibit D attached hereto (the "Tunnel") (the CB-1 Hotel Site, the CB-2 Hotel Site and the Tunnel are hereinafter collectively called the "Land").

C. On _____, 198_, Landlord and Tenant entered into that certain Disposition and Development Agreement (the "Disposition Agreement") which is recorded in Book _____ at Page _____ in the Official Records of the City and County of San Francisco and which provides in part that Landlord will convey portions of the Site to Tenant by lease or sale and establishes a Scope of Development and Schedule of Performance and requirements and conditions for the construction and maintenance by Tenant of certain improvements on the Site, including the construction and maintenance by Tenant of the improvements on the Land. The Land, as well as other land which is a part of the Site to be separately leased or sold to Tenant or others, will be developed as part of an integrated development to be known as Yerba Buena Gardens Center (the "Center") pursuant to the terms of the Disposition Agreement.

D. Tenant desires to lease from Landlord the CB-1 Hotel Site and to construct a hotel containing 1,500 Guest Rooms and parking spaces thereon in accordance with the Scope of

Development, and to lease from Landlord the CB-2 Hotel Site for the construction of meeting rooms and ballrooms which will be part of the Hotel, and to lease the Tunnel from Landlord for access from the CB-1 Hotel Site to the CB-2 Hotel Site.

E. Landlord and Tenant desire that the Hotel be built on the CB-1 Hotel Site, that meeting rooms and ballrooms be built in the CB-2 Hotel Site, and that a passageway leading between the CB-1 Hotel Site and CB-2 Hotel Site be built in the Tunnel and that Tenant operate and maintain, or cause to be operated and maintained, the Hotel, all under the terms and conditions set forth herein.

F. As provided in Article 41 hereof, Landlord is also granting to Tenant certain easements over other portions of the Site, which portions are not part of the Land.

G. As provided in Article 41 hereof, Landlord is reserving certain easements over certain portions of the Premises.

ARTICLE 1

PREMISES; TERM

SECTION 1.01. Premises. Landlord, for and in consideration of the rents, covenants and agreements hereinafter reserved on the part of Tenant, its successors and assigns, to be observed and performed, has leased and demised, and by these presents does lease and demise, unto Tenant, and Tenant does

hereby take and hire the Land upon and subject to the conditions and limitations hereinafter expressed.

RESERVING herein to Landlord, its successors and assigns, certain easement, support, access and user rights in and to portions of the Premises as more fully described in Article 41 hereof.

TOGETHER with any buildings, structures, facilities, fixtures not owned by Tenant as provided herein, paving, surfacing, sewers, storm drains and other improvements which may now or hereafter be located thereon, and the appurtenances thereunto belonging.

SUBJECT NEVERTHELESS TO THE FOLLOWING MATTERS ("Permitted Exceptions"):

- (1) the matters reflected in Exhibit E attached hereto;
and
- (2) such other matters as Tenant shall cause or suffer to arise as permitted by and consistent with the provisions of this Lease.

SECTION 1.02. Initial Term. The initial term hereof (the "Initial Term") shall commence at the date hereof and terminate on the date sixty (60) years from the date hereof; subject, however, to earlier termination, in accordance with the terms hereof.

SECTION 1.03. Options to Extend. Tenant may extend the Initial Term for one or more extended terms (the "Extended

Term(s)") on all the provisions contained in this Lease, except Net Rent, at Tenant's option, for either:

- (1) One (1) additional period of thirty (30) years (the "30 Year Extended Term"), or
- (2) Two (2) additional periods of fifteen (15) years each (the "15 Year Extended Term").

(a) Notice of exercise of the option (the "option notice") to extend the Initial Term for the 30 Year Extended Term or the first 15 Year Extended Term may be given by Tenant to Landlord at any time during the Initial Term at least sixty (60) months before the expiration of the Initial Term. The option notice must specify whether Tenant is electing to extend the term for either the 30 Year Extended Term or the first 15 Year Extended Term.

(b) If Tenant has exercised the option for the first 15 Year Extended Term, Tenant shall have the right at any time during the first 15 Year Extended Term but at least sixty (60) months before the expiration of the first 15 Year Extended Term to further extend the term for the second 15 Year Extended Term by delivery of an option notice to Landlord.

(c) If Tenant has committed an Event of Default which has not been cured on the date of giving the option notice, the option notice shall not be effective, or if Tenant has committed an Event of Default which has not been cured on the date any Extended Term is to commence, such Extended Term shall

not commence and this Lease shall expire at the end of the Initial Term or the first Extended Term, as applicable.

(d) Net Rent for any Extended Term shall be determined in the manner provided in Section 2.12.

ARTICLE 2

NET RENT AND ADDITIONAL RENT.

SECTION 2.01. Net Rent. Tenant covenants and agrees to pay Landlord in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts at the address specified pursuant to the provisions of Article 36 hereof, during the Term of this Lease, Holding Rent, Minimum Rent and Percentage Rent (collectively, "Net Rent") as hereinafter set forth.

SECTION 2.02. Definitions for Net Rent. For purposes of this Article, the following definitions shall apply:

(a) "Gross Food and Beverage Sales" shall mean the gross receipts, including credit charges (minus credit charges written off as bad debts, plus bad debts written off and subsequently recovered) received by Tenant, its subtenants, licensees, concessionaires or others occupying the Premises or any part thereof under Tenant during each Fiscal Year (and partial Fiscal Year) from all food and beverage sales made in or from the Premises (including, without limitation, banquets, conventions and other similar events, room service and sales from

restaurants, bars, cocktail lounges, luncheon counters and similar facilities). In the computation of Gross Food and Beverage Sales there shall be deducted (if already included therein) or excluded (i) the amount of any federal, state, municipal or local tax, excise or duty which is now or may hereafter be imposed upon or collected from Tenant, its licensees, concessionaires or others occupying the Premises or any part thereof under Tenant upon, with respect to and measured by sales from the Premises, (ii) the value of meals furnished Manager's employees as an incident of their employment, or (iii) gratuities to employees.

(b) "Gross Other Sales" shall mean (i) the gross receipts, including credit charges (minus credit charges written off as bad debts, plus bad debts written off and subsequently recovered) received by Tenant, its subtenants, licensees, concessionaires or others occupying the Premises or any part thereof under Tenant, except gross receipts received by Pass Through Subtenants (as hereinafter defined and limited), during each Fiscal Year (or any partial Fiscal Year) for the sale of goods or rendering services or letting of space or meeting rooms on the Premises which are not included within subsections (a) or (c) of this Section, including but not limited to providing telephone, laundry and valet services, operating a package liquor store, beauty shops, barbershops, parking areas and gift shops and (ii) any receipts by Tenant in the way of rental, license or

concession fees from Pass Through Subtenants (as hereinafter defined and limited). As used herein, the term "Pass Through Subtenants" means and refers to subtenants, licensees, concessionaires and others occupying the Premises or any part thereof under Tenant who are not affiliated with Tenant and who use their respective premises only for uses set forth in Exhibit F hereof and whose premises in the aggregate do not exceed six thousand (6,000) square feet. The Parties recognize that while the gross receipts received by Pass Through Subtenants do not constitute a direct factor in the computation of Gross Other Sales, they may constitute a basis for the payment of their respective rentals and fees to Tenant and in this way constitute a basis for the computation of Gross Other Sales. In the computation of Gross Other Sales there shall be deducted (if already included herein) or excluded (i) the amount of any federal, state, municipal or local tax, excise or duty which is now or may hereafter be imposed upon or collected from Tenant, its subtenants, licensees, concessionaires, or others occupying the Premises or any part thereof under Tenant upon, with respect to, or measured by sales from the Premises or (ii) gratuities to employees.

(c) "Gross Room Sales" shall mean the gross receipts, including credit charges (minus credit charges written off as bad debts, plus bad debts written off and subsequently recovered) received by Tenant, its licensees, concessionaires or

others occupying the Premises or any part thereof under Tenant during each Fiscal Year (and partial Fiscal Year) from the rental of Guest Rooms on the Premises, but excluding gross receipts from room service, which shall be included in "Gross Food and Beverage Sales" and gross receipts from valet and laundry services, telephone, gift shops, recreational facilities and rental of space (including meeting rooms) other than Guest Rooms, which shall be included in "Gross Other Sales". In the computation of Gross Room Sales there shall be deducted (if already included therein) or excluded (i) gratuities to employees, (ii) the amount of any federal, state, municipal or local tax, excise or duty which is now or may hereafter be imposed upon or collected from Tenant, its licensees, concessionaires or others occupying the Premises or any part thereof under Tenant, with respect to or measured by sales from the Premises, and (iii) Gross Food and Beverage Sales, Pass Through Rentals and Gross Other Sales.

(d) "Holding Rent" shall mean that portion of the Net Rent payable (or paid) between the date of this Lease and the earlier of the Opening Date or the Target Date pursuant to Section 2.03.

(e) "Minimum Rent" shall mean the specific dollar amounts payable in accordance with Section 2.04.

(f) "Opening Date" shall mean the earlier of (i) the date upon which the Hotel is open for business and accepting paying guests for overnight accommodation in no less than

seventy-five percent (75%) of the Hotel's Guest Rooms or (ii) the date upon which the Hotel has been substantially completed in accordance with the approved plans, such completion to be evidenced by (x) a certificate of completion issued by Tenant's architect and a Certificate of Completion and Right to Occupy issued by Landlord in accordance with the Disposition Agreement and (y) the issuance of a certificate of occupancy by the Department of Public Works of the City and County of San Francisco pursuant to applicable laws with respect to at least seventy-five percent (75%) of the Hotel's Guest Rooms. The Opening Date shall be evidenced by a certificate to be executed and acknowledged by Landlord and Tenant and to be in a form suitable for recording in the City and County of San Francisco.

(g) "Target Date" shall mean the date thirty-six (36) months from the date hereof, which is the date upon which Tenant estimates the Hotel will be completed and suitable for an Opening Date. If Tenant is unable to commence construction of the Hotel or thereafter to prosecute completion of such construction because of any decree, ruling, order or injunction resulting from a proceeding brought before any federal, state, county or municipal court, board or agency having jurisdiction prohibiting or delaying such construction, then in such event the Target Date shall be extended by a period of time equal to the period of time of any such delays, measured from the time Tenant gives Landlord written notice of such delay; provided, however,

that the Target Date shall not be later than the date the "Gardens" (as defined in the "Other Lease") are open, where any such delays are not due to (i) the default of Landlord under the Disposition Agreement, (ii) a procedural defect in Landlord's proceedings, (iii) Landlord's taking any action beyond its powers or (iv) which constitutes an abuse of discretion; and provided further that in no event shall the Target Date be extended for more than five (5) years.

SECTION 2.03. Payment of Holding Rent. Holding Rent shall be paid as follows:

(a) For the period beginning on the date hereof and ending on the third (3rd) anniversary of the date of execution of the Disposition Agreement, Tenant shall pay to Landlord Holding Rent in the amount of Three Hundred Twenty-five Thousand Dollars (\$325,000) per annum. Commencing on the third (3rd) anniversary of the execution of the Disposition Agreement and ending on the earlier of (i) the Opening Date or (ii) the Target Date, Tenant shall pay to Landlord Holding Rent in the amount of Five Hundred Thousand Dollars (\$500,000) per annum. Holding Rent shall be paid annually in advance. In the event that the earlier of (x) the Opening Date or (y) the Target Date does not fall on an anniversary of the date of this Lease, all Holding Rent payable under this Section 2.03(a) shall be appropriately prorated.

(b) In the event of a delay due to (i) any default by Landlord under the Disposition Agreement, (ii) a procedural defect in Landlord's proceedings, or (iii) Landlord's taking any action beyond its powers or constituting an abuse of discretion which would result in an extension of the Target Date as permitted by Section 2.02(g), Holding Rent shall continue to be due and payable for the period of any such extension but shall be credited to the amount first accruing of any Net Rent due and payable under Section 2.06. In the event of an extension of the Target Date as permitted by Section 2.02(g) due to any other cause, Holding Rent paid during the period of any such extension shall not be credited to the amount of any Minimum or Percentage Rent due and payable under Section 2.06.

SECTION 2.04. Initial Term Minimum Rent. Minimum Rent for the Initial Term consists of the following:

(a) For the period commencing on the earlier of (i) the Opening Date or (ii) the Target Date and ending on the date immediately prior to the eighth (8th) anniversary of the earlier of either the Opening Date or the Target Date, Tenant shall pay to Landlord Minimum Rent in the amount of Seven Hundred Dollars (\$700) per year multiplied by the number of the Guest Rooms as provided for in the plans for the Hotel which Landlord has approved pursuant to the Disposition Agreement.

'b) For the period commencing on the eighth (8th) anniversary of the date on which Tenant begins paying Minimum Rent pursuant to Section 2.06 hereof, and continuing until the end of the Initial Term, Tenant shall pay to Landlord Minimum Rent in the amount of One Thousand Dollars (\$1,000) per year multiplied by the number of the Guest Rooms as provided for in the approved plans for the Hotel which Landlord has approved pursuant to the Disposition Agreement.

(c) In the event of the termination of this Lease on a date which does not fall on an anniversary of the date Minimum Rent commences under Section 2.06 hereof, all Minimum Rent payable thereunder for a period between the date of termination and the date immediately preceding such anniversary shall be appropriately prorated.

SECTION 2.05. Initial Term Percentage Rent. The Percentage Rent for any Fiscal Year during the Initial Term shall be the amount by which the sum of (i) four percent (4%) of Gross Room Sales, (ii) two percent (2%) of Gross Food and Beverage Sales, and (iii) two percent (2%) of Gross Other Sales, for such Fiscal Year exceeds Minimum Rent for such Fiscal Year.

SECTION 2.06. Payment of Minimum and Percentage Rent. The Minimum Rent shall be paid in thirteen (13) equal installments in advance on the first day of each Accounting Period commencing with the first Accounting Period after the earlier of the Opening Date or the Target Date. The Percentage

Rent shall be payable in thirteen (13) installments within thirty (30) days after the end of each Accounting Period in accordance with Section 2.07 hereof. In the event this Lease commences on a date not coinciding with the beginning of an Accounting Period or in the event of the termination of this Lease on a date not coinciding with the end of an Accounting Period, all Net Rent payable hereunder shall be appropriately prorated.

SECTION 2.07. Statements. On or before thirty (30) days after the end of each Accounting Period (or the date upon which this Lease terminates or expires if not at the end of an Accounting Period), Tenant shall furnish to Landlord a statement prepared in accordance with generally accepted accounting principles in the form of Exhibit G attached hereto with respect to Gross Room Sales, Gross Food and Beverage Sales, and Gross Other Sales during the preceding Accounting Period, prepared by an officer of Tenant or of one of Tenant's general partners. Tenant shall pay to Landlord the Percentage Rent for such Accounting Period simultaneously with deliver to Landlord of such statement. On or before one hundred twenty (120) days after the end of each Fiscal Year (or after the date upon which this Lease terminates or expires if not at the end of a Fiscal Year), Tenant shall furnish to Landlord a detailed statement prepared in accordance with generally accepted accounting principles with respect to Gross Room Sales, Gross Food and Beverage Sales, and Gross Other Sales during the preceding Fiscal Year, duly

certified without material exception by an independent certified public accountant who is a member of the American Institute of Certified Public Accountants. If the amounts paid by Tenant to Landlord pursuant to the second sentence of this Section are less than the amounts owing as shown by such detailed statement, Tenant shall pay to Landlord the balance of Percentage Rent owing for such year simultaneously with delivery to Landlord of such certified statement. If such amounts paid by Tenant to Landlord pursuant to the second sentence of this Section are more than the amounts owing as shown by said detailed statement, the amount of such excess payment shall be credited against, at Landlord's option, (a) the next due installment(s) of Net Rent or (b) any installment of Net Rent due in the same Fiscal Year, with credit in the latter instance for interest thereon at the Interest Rate from the date Landlord receives such detailed statement to the date of credit.

SECTION 2.08. Books and Records. Tenant shall maintain or cause to be maintained, accurate and complete books and records showing all Gross Room Sales, Gross Food and Beverage Sales, and Gross Other Sales, and shall require all licensees, concessionaires or others occupying the Premises or any part thereof under Tenant, to do the same, for a period of not less than three (3) years after the expiration of the calendar year to which such records relate. Landlord shall have the right to examine and audit, from time to time, at any time during the Term

of this Lease and for a period of six (6) months after the termination of this Lease, at reasonable hours and without unreasonable interference, Tenant's books and records of Gross Room Sales, Gross Food and Beverage Sales and Gross Other Sales, and books and records of gross receipts of Tenant's licensees, concessionaires or others occupying the Premises or any part thereof under Tenant to the extent that the gross receipts of such licensees, concessionaires and others constitute the basis for the payment of rental or fees to Tenant and do therefore constitute a basis for Gross Other Sales. Tenant shall include in any license or concession agreement or any other agreement with anyone occupying the Premises or any part thereof under Tenant whose gross receipts constitute a basis for the payment of rental or fees to Tenant a provision giving Landlord the same right of examination and audit of such licensees' and concessionaires' books and records as provided in this Section. If such audit shall disclose an underpayment of Percentage Rent to Landlord which is not less than the lesser of (i) One Hundred Thousand Dollars (\$100,000) as Indexed or (ii) three percent (3%) in excess of the Percentage Rent theretofore computed and paid by Tenant for any Fiscal Year, then Tenant shall pay for the cost of such audit, unless a third accounting firm is selected pursuant to the next sentence and such accounting firm determines that the underpayment is not in excess of the lesser of One Hundred

Thousand Dollars (\$100,000), as Indexed, or three percent (3%) of the Percentage Rent theretofore computed and paid by Tenant for any Fiscal Year; otherwise, such audit shall be at the expense of Landlord. If Tenant's accountant disagrees with the audit results of Landlord's accountants, Tenant and Landlord will select a third accounting firm, satisfactory to both, whose audit will be determinative of the Percentage Rent due. Tenant shall pay for the cost of such audit if such audit discloses an underpayment of Percentage Rent which is in excess of the lesser of One Hundred Thousand Dollars (\$100,000), as Indexed, or three percent (3%) of the Percentage Rent theretofore computed and paid by Tenant for any Fiscal Year; otherwise, such audit shall be at the expense of Landlord. If the parties are unable to agree on a third accounting firm, the Percentage Rent due shall be determined by arbitration pursuant to Section 31.01 hereof. Any additional Percentage Rent which is ultimately determined to be payable shall be paid to Landlord within ten (10) days of such determination, with interest at a rate equal to the lesser of (i) two percent (2%) over the prime rate announced from time to time by Bank of America National Trust and Savings Association or (ii) the maximum rate an individual is permitted by law to charge ("Interest Rate") from the thirtieth (30th) day after the end of the Accounting Period with respect to which such Percentage Rent is due.

SECTION 2.09. No Setoff. Tenant covenants to pay the Net Rent and the Additional Rent reserved by this Article 2 together with other sums which may become due hereunder or be payable by Tenant under this Lease, at the times and in the manner provided in this Lease without notice or demand and with the right of setoff only if a claim of Tenant against Landlord has been reduced to judgment or award. The Net Rent, the Additional Rent and other amounts required to be paid by Tenant hereunder, are sometimes collectively referred to as, and shall constitute "rent".

SECTION 2.10. Additional Rent. It is the purpose and intent of Landlord and Tenant that the Net Rent shall be absolutely net to Landlord, so that this Lease shall yield, net to Landlord, the Net Rent specified in Section 2.01 hereof in each year during the Term of this Lease and that, except as otherwise provided in this Lease, all costs, fees, interest, charges, expenses, reimbursements and obligations of every kind and nature whatsoever relating to the Premises that may arise or become due during or arising out of the Term of this Lease shall be paid or discharged by Tenant as Additional Rent, and Tenant hereby agrees to indemnify and to save Landlord harmless from and against such costs, fees, charges, expenses, reimbursements and obligations and interest thereon at the Interest Rate. Additional Rent shall include interest at the Interest Rate on such of the amounts and obligations as are payable to Landlord

and are not paid within four (4) business days after the due date, such interest to accrue from the due date thereof (except as to those portions of Percentage Rent payable as provided in the last sentence of Section 2.08 hereof) at the Interest Rate.

SECTION 2.11. Payments into Separate Accounts. Pursuant to the Disposition Agreement and subject to the fulfillment of certain conditions, it is intended that Landlord will enter into a lease in the form of Attachment 7B to the Disposition Agreement (the "Other Lease") with Tenant demising certain other portions of the Site. Pursuant to the Other Lease Landlord is required to secure and maintain certain other property within the Site partially at Landlord's cost and expense, to fulfill certain other obligations as set forth therein and to maintain separate and apart, in a Separate Account (as defined in Section 2.14(e) of the Other Lease), the funds necessary for Landlord's obligations. Landlord shall notify Tenant of the bank account maintained by Landlord which constitutes such Separate Account at all times during the term of the Other Lease and Tenant shall make all payments of Net Rent hereunder (except the Holding Rent) in a manner which will assure the deposit thereof in such bank account. Withdrawal of funds from such bank account shall be governed by the provisions of the Other Lease and not this Lease. In accordance with the Disposition Agreement certain "Severance Leases" (as defined therein) may be entered into in lieu of the Other Lease. In such event the references in this

Section 2.11 to the "Other Lease" shall be to the "Retail Lease" as defined in the Disposition Agreement.

SECTION 2.12. Rent During Extended Terms.

(a) Beginning on the date twenty-four (24) months before the expiration of the Initial Term, in the event Tenant has sent an option notice to extend the term of the Lease for only the first 15 Year Extended Term, and the date twenty-four (24) months before the expiration of the first 15 Year Extended Term, in the event Tenant has sent an option notice to extend the term of the Lease for the second 15 Year Extended Term, Landlord and Tenant shall have one hundred eighty (180) days in which to agree on the Minimum Rent and Percentage Rent during the applicable Extended Term, which shall be equal to the fair market minimum rent and percentage rent for a lease of the Land for use as a first-class hotel of the size of the Hotel and in the condition in which the Hotel is required to be maintained hereunder, but without taking into account the length of the Term of this Lease at the time such agreement is made. The Minimum Rent and Percentage Rent during the applicable Extended Term shall not be lower than the Minimum Rent and Percentage Rent for the Initial Term or any previous Extended Term, however. If Landlord and Tenant are unable to agree on the Minimum Rent and Percentage Rent for the Extended Term as set forth above within that period, then the Minimum Rent and the Percentage Rent shall be set by appraisal in accordance with Section 31.02 hereof.

(b) If Tenant exercises the option to extend the Initial Term for the 30 Year Extended Term, Minimum Rent and Percentage Rent for the first through the fifteenth year of such Extended Term shall be determined in the manner provided in Section 2.12(a) above; Minimum Rent for the sixteenth through thirtieth years of the 30 Year Extended Term shall be at an annual rate equal to seventy-five percent (75%) of the average of the Net Rent paid during the thirteenth, fourteenth and fifteenth years of the 30 Year Extended Term. Percentage Rent for the sixteenth through the thirtieth years of the 30 Year Extended Term shall remain at the same rate as it was for the first fifteen (15) years of such Extended Term.

(c) If the Minimum Rent and Percentage Rent for any Extended Term has not been set by the commencement date of such Extended Term, Tenant shall continue to pay the Minimum Rent and Percentage Rent set forth for the Initial Term, in the case of the first 15 Year Extended Term or the 30 Year Extended Term, and for the first 15 year Extended Term, in the case of the second 15 Year Extended Term. Within thirty (30) days of the date the Minimum Rent and Percentage Rent for the Extended Term is set, Tenant shall pay to Landlord any difference between the Minimum Rent and Percentage Rent paid for an Extended Term and the amount set therefor for the period from the commencement of such Extended Term to the date of such payment.

(d) Except as provided in Section 2.12(e) below, Tenant may terminate this Lease by serving written notice to Landlord within thirty (30) days after the Minimum Rent and Percentage Rent for an Extended Term have been set, which termination shall be effective on the later of (i) the end of the Initial Term in the case of setting the Net Rent for the first Extended Term and the end of the first Extended Term in the case of setting the Net Rent for the second Extended Term or (ii) twelve (12) months from the date written notice of such termination is received by Landlord. If the Minimum Rent and Percentage Rent have not been set until after the commencement of an Extended Term, Tenant shall pay to Landlord simultaneously with any notice of termination, any difference between the Minimum Rent and the Percentage Rent paid for the Extended Term and the amount set therefor for the period from the commencement of the Extended Term to the date of such notice and payment, and Tenant shall continue to pay the Minimum Rent and Percentage Rent set for an Extended Term until the date the termination is effective. If Tenant elects to terminate this Lease after the Minimum Rent and Percentage Rent for the Extended Term is set and Landlord has not exercised its rights under Section 2.12(e) below, Tenant shall pay the costs of all of the appraisers in connection with such appraisal.

(e) Notwithstanding the provisions of Section 2.12(d) above, Landlord shall have the right, within thirty (30)

days after receipt of Tenant's notice of termination, to declare by written notice to Tenant that Tenant's notice of termination is null and void and that Landlord will lease the Land to Tenant for the applicable Extended Term at a Minimum Rent and Percentage Rent equal to that in effect for the Initial Term or first 15 Year Extended Term, as applicable, in which event the Term of this Lease shall be so Extended at the Minimum Rent and Percentage Rent set forth in this Section 2.12(e).

ARTICLE 3

DEVELOPMENT; OPENING DATE

SECTION 3.01. Development; Opening Date.

(a) Tenant agrees, subject to Force Majeure, to commence construction of the Hotel within thirty (30) days of the date of this Lease. Tenant shall construct the Hotel in accordance with the Disposition Agreement, and subject to all the terms, covenants, conditions and restrictions in the Disposition Agreement applicable to the Premises. Subject to Force Majeure as provided in paragraph (b) hereof, construction of the Hotel shall be substantially completed and the entire Premises shall be open for business on or before thirty-six (36) months from the commencement of construction of the Hotel, but delay in opening for business by reason of Force Majeure (as opposed to those causes set forth in Section 2.02(g) which allow for extending the Target Date) shall not delay the payment of Minimum Rent and

Additional Rent as set forth in Section 2.04 and Section 2.10, respectively. Tenant shall own the Hotel during the Term of this Lease. At the expiration or earlier termination of the Term of this Lease, however, title to the Hotel shall vest in Landlord without further action of any Party.

(b) Tenant shall have (i) in case of a delay due to events of Ordinary Force Majeure and Litigation Force Majeure (as those terms are defined in the Disposition Agreement), an additional aggregate period to commence and/or complete the construction of the Hotel up to thirty-six (36) months from the respective deadlines provided in paragraph (a) of this Section 3.01 and (ii) in case of a delay due to those causes set forth in Section 2.02(g) hereof which allow for extending the Target Date, an additional aggregate period to commence and/or complete the construction of the Hotel up to sixty (60) months from the respective deadlines provided in paragraph (a) of this Section 3.01. However, in all events and notwithstanding any extensions allowed under this subparagraph (b), Tenant shall be required to complete construction of the Hotel no later than ninety-seven (97) months from the date of this Lease.

SECTION 3.02. Tenant to Furnish and Equip the Hotel. Tenant covenants and agrees to furnish and equip the Hotel, with all fixtures, furniture, furnishings, restaurant and lounge equipment, refrigeration and other equipment and other personal property (collectively, "Personal Property") of a quantity and quality and as necessary to operate a first-class hotel. Tenant

further agrees to take good care of such Personal Property, to keep the same in good order and condition and promptly, at Tenant's own cost and expense, to make or cause to be made all necessary repairs, replacements and renewals thereof including any such as may be required as the result of any casualty. Tenant hereby grants to Landlord a lien in all Personal Property in the Hotel, and agrees to execute a financing statement evidencing such lien to secure the performance by Tenant of all of its obligations under this Lease. Tenant hereby warrants and represents that, as of the commencement of the Term, such lien will be a first lien, except for the liens on the property listed on Exhibit H attached hereto. Landlord hereby agrees to subordinate its lien in Tenant's Personal Property to any Mortgage and any purchase money lien including lease financing in any Personal Property where the amount of the lien does not exceed ninety percent (90%) of the purchase price of such Personal Property, provided, however, that if Tenant's Mortgage includes Personal Property, Landlord shall subordinate its lien to such Mortgage even if the foregoing limitation is exceeded. If any of such Personal Property is leased from third parties, Tenant agrees to collaterally assign its leasehold interest to Landlord upon terms and conditions and pursuant to an assignment acceptable in form and substance to Landlord to secure the performance by Tenant of all of its obligations under this Lease. Tenant shall execute from time to time such additional

documents as may be reasonably necessary to effectuate and evidence such assignments if requested to do so by Landlord. Tenant agrees to notify Landlord of all third parties from which Tenant leases such Personal Property. In the event of any default on the part of Tenant in performing the terms and provisions of this Lease, Landlord shall have the immediate right of possession of all such Personal Property and the right to assume the leasehold interest of Tenant in such Personal Property.

ARTICLE 4

PAYMENT OF IMPOSITIONS

SECTION 4.01. Taxes. From the date hereof to the end of the tax fiscal year in which this Lease commences, the Premises leased to Tenant hereunder shall be assessed and taxed in the same manner as privately owned property as contemplated in California Health and Safety Code Section 33673 and Tenant shall pay taxes upon the assessed value of the entire Premises and not merely upon the assessed value of its leasehold interest, as provided in Section 33673 of the California Health and Safety Code. The sum paid by Tenant shall be based upon the annual tax rate of the City and County of San Francisco and an estimate by the Assessor of the City and County of San Francisco of the probable annual valuation at which the entire Premises (and not merely the assessed value of the leasehold interest) would be

assessed if taxable. Such sum shall be paid to Landlord at the same time or times that real property taxes are payable and shall be a part of Impositions. Nothing in this Section or any other provision of this Lease shall be deemed or construed to prevent Tenant from appealing the Assessor's estimate of valuation to the Assessment Appeals Board of the City and County of San Francisco. In the event that the Assessment Appeals Board reduces the Assessor's estimate of valuation and by such action effectively sets a lower valuation, Landlord shall refund to Tenant the prorated difference in the sum paid as in lieu of taxes by Tenant, provided that such sum has not already been forwarded to the City and County of San Francisco, in which case no refund shall be paid by Landlord, and Tenant must look solely to the City and County of San Francisco for any such refund. It is the responsibility of Tenant to notify Landlord in writing of Tenant's intent to appeal. If such notice is given, Landlord will hold the sum paid in lieu of taxes for a period of six (6) months. If thereafter, Landlord should forward said sum to the City and County of San Francisco, Landlord shall have no obligation to refund any such amounts to Tenant, and Tenant shall look solely to the City and County of San Francisco for any refund thereof.

From the end of the tax fiscal year in which this Lease commences to the end of the Term hereof, the Premises leased to Tenant hereunder shall be assessed and taxed in the same manner

as privately owned property as contemplated in California Health and Safety Code Section 33673 and Tenant shall pay taxes upon the assessed value of the entire Property and not merely upon the assessed value of its leasehold interest, as provided in Section 33673 of the California Health and Safety Code. The sum paid by Tenant shall be based upon the annual tax rate of the City and County of San Francisco and an estimate by the Assessor of the City and County of San Francisco of the probable annual valuation at which the entire Premises (and not merely the assessed value of the leasehold interest) would be assessed if taxable.

Tenant covenants and agrees to pay, before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof, all Impositions which are or may heretofore have been or shall hereafter be assessed, levied, confirmed, imposed or become a lien upon the Premises or any part thereof or have or shall become payable prior to the commencement of, or during the Term of, this Lease. If, by law, any such Imposition may be paid in installments, Tenant may pay the same (and any accrued interest thereon) in installments before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof.

Impositions shall be defined as all taxes (including, without limitation, hotel taxes, transit taxes, and possessory interest taxes associated with the Premises and the execution of this Lease), assessments (including, without limitation, all assessments for public improvements or benefits, whether or not

commenced or completed prior to the date hereof and whether or not to be completed within the Term hereof), fees, water, sewer or similar rents, rates and charges, excises, levies, vault license fees or rentals, license fees, permit fees, inspection fees and other authorization fees and other governmental charges of any kind or nature whatsoever except those incurred as a result of Landlord's action and reduced to judgment liens, whether general or special, ordinary or extraordinary, foreseen or unforeseen, or hereinafter levied or assessed in lieu of or in substitution of any of the foregoing of every character (including all interest and penalties thereon), which at any time during or in respect of the Term hereof may be assessed, levied, confirmed or imposed on or in respect of or be a lien upon the Land, any buildings or improvements which are now or hereafter located thereon, any of Tenant's Personal Property now or hereafter located thereon, on the leasehold estate created hereby or which may be imposed upon any taxable interest of Tenant acquired pursuant to this Lease or on account of any taxable possessory right which Tenant may have acquired pursuant to this Lease, or any part thereof or which may be levied upon or measured by the rent payable hereunder, including, without limitation, any gross receipts tax levied by the City and County of San Francisco, the State of California, the federal government or any other governmental body with respect to receipt of such rent by Landlord. Impositions shall not include payment of taxes

on Landlord's net income, however. Tenant will pay or reimburse Landlord, as the case may be, for any fine, penalty, interest or cost which may be added by the collecting authority for the late payment or non-payment of any Imposition required to be paid by Tenant hereunder. Unless Tenant shall then have committed an Event of Default, all Impositions imposed for the tax year in which this Lease shall terminate shall be apportioned between Tenant and Landlord. Upon demand made from time to time by Landlord with respect to each payment of Impositions before it becomes due, Tenant will furnish to Landlord for inspection, within ninety (90) days after the date when any Imposition (unless being contested in conformity with Article 5 hereof) would become delinquent, official receipts of the appropriate taxing authority, or other proof satisfactory to Landlord evidencing the payment of such Imposition.

SECTION 4.02. Additional Taxes. Tenant shall pay all taxes assessed by any governmental authority by virtue of any operations by Tenant conducted in or out of the Site. It is agreed that in the event the State of California or any taxing authority thereunder taxes (i) the rental income from real estate (whether or not denominated a gross receipts tax); (ii) the square footage of the Premises; (iii) the occupancy of Tenant; or (iv) any other tax, fee, or excise, however described, including, without limitation, a so-called value added tax, so as to impose a liability upon Landlord for the amount of such tax, then Tenant

shall be liable under this Lease for the payment of the taxes so imposed during the Term prior to delinquency. In order to determine the amount of such tax for which Tenant shall be liable, the Premises shall be considered as if it were the only asset of Landlord, and the rent paid hereunder shall be considered as if it were the only income of Landlord. Tenant will pay or reimburse Landlord for, as the case may be, any fine, penalty, interest or cost which may be added by the collecting authority for the late payment or nonpayment of any Imposition required to be paid by Tenant hereunder. Unless Tenant shall then be in default, all Impositions imposed for the tax year in which this Lease shall terminate shall be apportioned between Tenant and Landlord.

SECTION 4.03. Landlord's Right to Pay. If Tenant, in violation of the provisions of this Lease, shall fail to pay and to discharge any Imposition, Landlord may (but shall not be obligated to) pay or discharge such Imposition, and the amount paid by Landlord and the amount of all costs, expenses, interest and penalties connected therewith, including attorneys' fees, together with interest at the Interest Rate, shall be deemed to be and shall be payable by Tenant as Additional Rent and shall be reimbursed to Landlord by Tenant on demand.

ARTICLE 5

CONTESTS

SECTION 5.01. Contests. Tenant shall have the right to contest the amount or validity of any Imposition, Laws or Ordinances, or lien by appropriate proceedings conducted in good faith and with due diligence, at its sole cost and expense. Tenant shall give Landlord at least ten (10) days' prior written notice of such contest, provided that the failure to give such notice shall not constitute a default hereunder or invalidate any such contest. Tenant shall furnish to Landlord security reasonably satisfactory to Landlord against any claim, loss, liability or expense incurred as a result of such nonpayment or delay therein. In the event of any such contest and the final determination thereof adversely to Tenant, Tenant shall, before any fine, interest, penalty or cost may be added thereto for nonpayment thereof, pay fully and discharge the amounts involved in or affected by such contest, together with any penalties, fines, interest, costs and expenses that may have accrued thereon or that may result from any such contest by Tenant, and after such payment and discharge by Tenant, Landlord will promptly return to Tenant such security as Landlord shall have received in connection with such contest, without interest. Landlord shall join in any such proceeding if any law now or hereafter in effect shall require that such proceedings be brought by and/or in the name of Landlord or any owner of the Premises. Neither Landlord

nor the Land shall be subjected to any liability for the payment of any costs, fees, including attorneys' fees, or expenses in connection with any such proceeding, and Tenant covenants to indemnify and save harmless Landlord and the Land from any such costs, fees or expenses. Tenant shall be entitled to any refund of any such Imposition and penalties or interest thereon, which shall have been paid by Tenant or paid by Landlord, for which Landlord shall have been fully reimbursed.

ARTICLE 6

INSURANCE

SECTION 6.01. All Risk Coverage and Liability. Tenant shall, at Tenant's sole cost and expense, throughout the Term of this Lease, keep, or cause to be kept, the Premises and Tenant's fixtures, furniture and equipment insured:

(a) Prior to the earlier of completion of the Hotel as Certified by Landlord or the issuance of any certificate of occupancy for the Premises, in accordance with all of the terms of the Disposition Agreement;

(b) After the earlier of completion of the Hotel as Certified by Landlord or the issuance of any certificate of occupancy for the Premises:

(i) by carrying (or causing to be carried) a policy of all risk coverage insurance (including earthquake and flood);

(ii) by carrying (or causing to be carried) comprehensive public liability and property damage insurance covering the Land and the Hotel;

(iii) by keeping and maintaining (or causing to be kept and maintained) during any construction, alteration or repair of the Hotel adequate workers' compensation insurance covering all persons employed in connection with such work and with respect to whom death or bodily injury claims could be asserted against any other party;

(iv) by insuring (or causing to be insured) against damage to or destruction of machinery and equipment located in the Hotel used for heating, power generation and similar purposes, but excluding machinery and equipment used for ventilating and air-conditioning, under a form of insurance commonly known as boiler and machinery insurance in an amount not less than Five Million Dollars (\$5,000,000);

(v) by carrying and maintaining (or causing to be carried and maintained) automobile public liability insurance covering all owned, non-owned or hired motor objects to be used in connection with the Hotel, affording protection in an amount not less than Ten Million Dollars (\$10,000,000) combined single limit for personal injury or property damage;

(vi) by carrying and maintaining (or causing to be carried and maintained) during the construction, alteration, or repair of the Hotel, builders' risk insurance for the amount of

completed value on an all-risk form, including earthquake and flood insurance insuring the interests of Landlord, Tenant and any contractors and subcontractors; and

(vii) once the parking is completed, by carrying and maintaining (or causing to be carried and maintained) garage operator's liability insurance with such limits as Landlord shall reasonably require, insuring the interests of Landlord and Tenant.

(c) After the earlier of (i) the Opening Date or (ii) the Target Date, if attainable by such date, business interruption insurance for loss caused by any of the perils or hazards set forth herein and required to be insured pursuant hereto in an amount not less than the aggregate of all Net Rent and Impositions for a twelve (12)-month period. The amount of such business interruption insurance required for the first Fiscal Year shall be based on the Manager's pro formas for all Net Rent and Impositions for a twelve (12)-month period developed in good faith. For each year thereafter for purposes of this calculation the Percentage Rent shall be equal to the actual Percentage Rent paid to Landlord for the preceding year pursuant to Section 2.05 hereof, plus fifteen percent (15%). The amount of the business interruption insurance shall be calculated from the earlier of the Opening Date or the Target Date and shall be adjusted annually thereafter. The proceeds of or from or payable under or pursuant to any business interruption insurance shall be

payable and applied first, to the payment of any unpaid and outstanding obligations hereunder, including, without limitation, rental payments, then to the payment of any unpaid and outstanding obligations under any Mortgage, and thereafter to or for the benefit of Tenant as Tenant directs.

(d) Tenant shall furnish duplicates of the policy required under subsection (c) of this Section within thirty (30) days after the earlier of the Opening Date or the Target Date.

SECTION 6.02. Carriers; Policies. All insurance provided for pursuant to Section 6.01(b)(i) hereof shall insure against all risks and shall be in an amount at least equal to one hundred percent (100%) of the then-current replacement costs [or, (w) as to earthquake insurance, such maximum amount as may be reasonably available from recognized insurance carriers, and (x) as to flood insurance, a limit of Ten Million Dollars (\$10,000,000)] for the Hotel and without any deduction being made for depreciation (except that the cost of foundations, excavations and footings shall be included only in the case of earthquake coverage) but permitting (y) a deductible of Five Million Dollars (\$5,000,000) (or such greater amount as is required to make such earthquake insurance reasonably available from recognized carriers) for earthquake insurance and (z) a deductible of \$250,000 for any other such insurance. The adequacy of such insurance coverage shall be evaluated by Landlord not less



frequently than every five (5) years from the anniversary date of the completion of construction.

SECTION 6.03. Liability Policies. All insurance provided for pursuant to Section 6.01(b)(ii) hereof shall contain a contractual liability endorsement and shall insure against claims for personal injury or death or property damages occurring upon, in or about the Premises or upon, in or about the adjoining land, streets and passageways thereof, such insurance to afford protection in an amount not less than Twenty-five Million Dollars (\$25,000,000) combined single limits, which minimum required amount shall be Indexed every five (5) years on the anniversary date of the Opening Date.

SECTION 6.04. All Policies. All insurance provided for pursuant to Section 6.01(b)(i), (ii), (iii), (iv), (v), (vi) and (vii) hereof:

(a) Shall be carried under a valid and enforceable policy or policies issued by insurers of recognized responsibility reasonably satisfactory to Landlord;

(b) Shall name Landlord as an additional insured and shall, so far as such policies provide for the payment of losses, provide or be to the effect that such losses payable to the Landlord shall be payable notwithstanding any act or negligence of the Tenant;

(c) Shall provide that no cancellation, modification, or termination thereof for any reason other than nonpayment

of premiums shall be effective until at least thirty (30) days and in the case of nonpayment of premiums, ten (10) days, after mailing or otherwise sending written notice thereof to Landlord; and

(d) May be obtained through a blanket policy of insurance.

SECTION 6.05. Landlord's Right to Maintain. If, at any time, Tenant shall neglect to maintain the insurance required pursuant to Section 6.01 hereof or shall fail to deliver policies as required pursuant to this Article, Landlord may, with or without giving notice to Tenant, effect such insurance as the agent of Tenant, by taking out policies in companies reasonably satisfactory to Landlord running for a period not exceeding three (3) years in any one policy. Landlord shall not be limited in the proof of any damages which Landlord may claim against Tenant (arising out of or by reason of Tenant's failure to provide and keep in force insurance as aforesaid) to the amount of the insurance premium or premiums not paid or incurred by Tenant and which would have been payable upon such insurance, but shall be entitled to recover as damages for such breach the uninsured amount of any loss or damages and the costs and expenses of suit suffered or incurred during any period when Tenant shall have failed or neglected to provide such insurance.

SECTION 6.06. Assignment of Policies. Upon the termination or expiration of the Term of this Lease, Landlord may

require Tenant to assign to it any policies of insurance affecting the Hotel, except for insurance carried under a blanket policy or policies covering other properties operated by Tenant or its affiliates and except for any liability policy. In the event of an assignment of any such policy, the premium shall be prorated between Landlord and Tenant as of the date of such termination or expiration. In the event that an assignment is not required as to any policy or, in the case of a blanket policy, if coverage is terminated, any premium refund shall be payable to Tenant.

Section 6.07. Proceeds. All-risk coverage insurance proceeds and boiler and machinery insurance proceeds and earthquake proceeds paid to Tenant by reason of damage to or destruction of the Hotel, subject to the provisions of Article 12 hereof, shall be used by Tenant to restore the Hotel. If Tenant is excused from the obligation to rebuild and elects not to rebuild, however, all such proceeds shall be paid to Landlord.

SECTION 6.08. Certificate of Insurance. Tenant shall furnish Landlord a certificate evidencing Tenant's compliance with the insurance coverage requirements of this Article on the date required in the Disposition Agreement with respect to the insurance referred to in Section 6.01(a) hereof and thirty (30) days prior to Tenant's opening for business with respect to the insurance referred to in Section 6.01(b) hereof, and thirty (30)

days before the expiration of any insurance policy required hereunder.

SECTION 6.09. Release and Waiver of Subrogation; Parties. Tenant hereby waives all rights of recovery and causes of action, and releases Landlord from any liability, from all losses and damages occasioned to the property of Tenant located within or upon or constituting a part of the Premises, which losses and damages are of the type covered under the policies required by this Article to the extent that said loss is reimbursed by an independent insurer. The policies required by this Article shall provide for waivers of any right of subrogation that the insurer of such Party may acquire against the other Party hereto with respect to any such losses.

ARTICLE 7

LANDLORD'S RIGHT TO PERFORM TENANT'S COVENANTS

SECTION 7.01. Landlord's Right to Perform Tenant's Covenants. Tenant covenants and agrees that if Tenant shall at any time fail to perform any act, covenant, term, condition or agreement on Tenant's part to be performed under this Lease, Landlord may, but shall not be obligated to do so, and with twenty-four (24) hours' prior written notice, perform any such act, covenant, term, condition or agreement for and on behalf of Tenant, and Tenant shall reimburse Landlord for all sums so paid by Landlord, and all necessary incidental costs and expenses in

connection with the performance of any such act by Landlord, including reasonable attorneys' fees, together with interest thereon at the Interest Rate from the date of the making of such expenditure by Landlord.

ARTICLE 8

COVENANTS AGAINST WASTE AND TO REPAIR AND MAINTAIN PREMISES

SECTION 8.01. No Waste. Tenant covenants not to do or suffer any waste or damage, disfigurement or injury to the Premises.

SECTION 8.02. Repairs. Tenant covenants, throughout the Term of this Lease, at Tenant's sole cost and expense, to maintain the buildings and improvements now or at any time erected on the Premises, including driveways and parking areas within the Premises, and the sidewalks and curbs in or adjoining the Premises, and all Personal Property within the Premises in good condition and repair, as may be necessary to maintain the same as a first-class hotel and promptly, at Tenant's own cost and expense, to make all necessary repairs and replacements, whether structural or nonstructural, interior or exterior, ordinary or extraordinary, foreseen and unforeseen. All such repairs and replacements made by Tenant shall be at least equal in quality and class to the original work. The Premises, together with all improvements, repairs, alterations, additions, substitutions and replacements thereto or thereof shall be



surrendered to Landlord upon the expiration or earlier termination of the Term of this Lease in first-class order and condition. Landlord shall not be obligated to make any repairs, replacements or renewals of any kind, nature or description whatsoever to the Premises or any buildings or improvements now or hereafter located thereon, except for repairs due to damage caused by Landlord, and Tenant hereby expressly waives all right to make repairs at Landlord's expense under Sections 1941 and 1942 of the California Civil Code, as either or both may from time to time be amended, replaced, or restated.

ARTICLE 9

COMPLIANCE WITH LAWS, ORDINANCES AND AGREEMENTS

SECTION 9.01. Compliance. Tenant covenants throughout the Term of this Lease, at Tenant's sole cost and expense, promptly to comply with: all Laws and Ordinances; all requirements of all policies of insurance which may be applicable to the Premises; the Redevelopment Plan as the same presently exists; the Declaration of Restrictions, the Disposition Agreement; the REA from and after the date of its recordation, insofar as the same relate to the Premises; and those certain mitigation measures ("Mitigation Measures") adopted by the Agency and identified in Exhibit J. It is expressly understood and agreed that the performance required of Tenant by the preceding sentence shall include the obligation to make, at Tenant's sole cost and

expense, all additions to, modifications of, and installations on the Premises which may be lawfully required by any of the authorities, bodies, persons, regulations, rules, legislation, and insurance policies relating to the Premises.

ARTICLE 10

CHANGES, ALTERATIONS AND ADDITIONS

SECTION 10.01. Changes and Alterations. For the purposes of this Article 10, "Capital Improvement" shall mean any material demolition, replacement or alteration of the Hotel or any addition thereto or any material part thereof, including without limitation any Substantial Capital Improvement, whether performed voluntarily or in connection with a repair or Restoration required by this Lease. A "Substantial Capital Improvement" shall mean a Capital Improvement which would (i) affect the external appearance of the Hotel, change the height, bulk or setback of the Hotel or materially affect the electrical, mechanical, structural or HVAC systems serving any material part of the Hotel, (ii) cost Ten Million Dollars (\$10,000,000) as Indexed, or more, either singly or in the aggregate with a related Capital Improvement constructed in the previous nine (9) month period during the Term, (iii) increase the number of Guest Rooms by any number or decrease the number of Guest Rooms by more than five percent (5%) or (iv) make a material physical change in the Hotel lobby or with respect to portions thereof which are visible from

he Hotel's exterior or change the decoration of such lobby portions in a manner that would be incompatible with the design and quality of the Hotel's exterior. From and after completion of the Hotel as Certified by Landlord, Tenant shall undertake no Capital Improvement without complying with the applicable provisions of this Article 10.

(a) No Substantial Capital Improvement shall be undertaken unless and until Tenant shall (i) have furnished to Landlord a complete set of plans and specifications prepared by the architect of such Substantial Capital Improvement and (ii) have obtained Landlord's prior written consent to such plans and specifications and to such Substantial Capital Improvement. Landlord's consent to any Substantial Capital Improvement specified in clause (i) or (iii) in the definition thereof may be withheld in Landlord's sole discretion but will not be unreasonably delayed; Landlord's consent to any Substantial Capital Improvement specified in clause (ii) or (iv) in such preceding sentence shall not be unreasonably withheld or delayed.

(b) No Capital Improvement shall be undertaken unless and until Tenant shall have obtained and delivered to Landlord, at Tenant's sole cost and expense, all necessary permits, consents, certificates and approvals of all governmental authorities having jurisdiction over the Premises or any part thereof and, in the case of a Capital Improvement, the cost of which would be Ten Million Dollars (\$10,000,000), as Indexed, or

more in the aggregate, certificates of policies of insurance required to be carried by Tenant in connection therewith pursuant to the provisions of Section 6.01 hereof. Landlord shall cooperate with Tenant in connection with Tenant's obtaining the permits, consents, certificates and approvals of governmental authorities necessary with respect to any Capital Improvement to be undertaken by Tenant hereunder and, in connection therewith, shall sign any application made by Tenant required to obtain such permits, consents, certificates and approvals, provided the same is made without cost or expense to Landlord.

(c) With respect to alterations pursuant to Section 10.01(a) hereof, Tenant shall furnish to Landlord such other drawings and information as Landlord reasonably may require in connection therewith.

(d) Each Capital Improvement, when completed, shall be of a character consistent with the first-class quality of the Premises and the use and operation thereof.

(e) Each Capital Improvement, once commenced, shall be completed promptly, subject to Force Majeure, in a good and workmanlike manner, in accordance with the approved plans and specifications therefor, as the same may be amended with the approval of Landlord, as to those matters for which approval is required under Section 10.01(a) hereof, which approval shall not be unreasonably withheld or delayed, in compliance with all necessary permits, consents, certificates and approvals of all

governmental authorities having jurisdiction over the Premises or any part thereof; provided, however, that if Landlord had the right to withhold its consent in its sole discretion to any Capital Improvement in the first instance, Landlord shall have the right to withhold its consent in its sole discretion to any amended plans and specifications in connection therewith.

(f) Each Capital Improvement shall be performed so that the Premises at all times shall be free of liens for labor and material supplied or claimed to have been supplied to the Premises (other than Mortgages on Tenant's interest in this Lease and the leasehold estate created hereby and any security agreements or interests or financing statements executed in connection with such Mortgages).

(g) Any disapproval given by Landlord under this Section 10.01 shall contain a statement in reasonable detail of the reason for the disapproval.

SECTION 10.02. Further Requirements. In addition to complying with the requirements of Section 10.01 hereof, for any Capital Improvement requiring Landlord's consent pursuant to Section 10.01(a) hereof, Tenant shall also comply with the following requirements:

(a) Tenant shall pay to Landlord the reasonable fees and expenses of any registered architect or licensed professional engineer selected by Landlord to review the plans and

specifications therefor and to inspect the work on behalf of Landlord.

(b) At least twenty (20) days before the commencement of any work in connection with the proposed Capital Improvement, Tenant shall:

(i) if the estimated cost of any Capital Improvement (determined as provided in Section 10.03 hereof) is Ten Million Dollars (\$10,000,000), as Indexed, or more in the aggregate, deposit with a bank licensed to do business in San Francisco, California a bond, cash or other security reasonably satisfactory to Landlord, including, without limitation, a personal guarantee of a person and in form and substance then reasonably satisfactory to Landlord, in an amount equal to the amount by which the estimated cost of the Capital Improvement exceeds the net proceeds, if any, of any loan made to, or committed to be made in a written commitment made to, Tenant to finance construction of such Capital Improvement, to be held and applied by the depository to assure completion of the Capital Improvement within a reasonable time, free and clear of public improvement, vendors', mechanics', laborers' or materialmen's statutory or other similar liens, security agreements, interests and financing statements (other than Mortgages on Tenant's interest in this Lease and the leasehold estate created hereby and security agreements and interests and financing statements executed in connection with such Mortgages);

(ii) provide Landlord with a stipulated sum or cost plus with an upset price contract or other form of contract previously approved by Landlord, in form assignable to Landlord, subject to the rights of any holder of a Mortgage to complete such Capital Improvement, made with a reputable or responsible contractor, providing in substance for the completion of the Capital Improvement with reasonable diligence (subject to Force Majeure) in accordance with the plans and specifications therefor, free and clear of all public improvement, vendors', mechanics', laborers' or materialmen's statutory or other similar liens, security agreements or interests and financing statements (other than Mortgages on Tenant's interest in this Lease and the leasehold created hereby and security agreements and interests and financing statements executed in connection with such Mortgages);

(iii) provide Landlord with an assignment to Landlord and the consent of the contractor to such assignment, subject to the rights of any holder of an approved Mortgage to complete such Capital Improvement, of the contract so furnished, such assignment to be duly executed and acknowledged by Tenant, and by its terms to be effective upon any termination of this Lease or upon Landlord's re-entry upon the Premises following an Event of Default prior to the complete performance of such contract, such assignment also to include the benefit of all

payments made on account of such contract, including payments made prior to the effective date of such assignment; and

(iv) provide Landlord with a copy of any loan commitment for financing the construction of such Capital Improvement and an assignment of such loan commitment and the lender's consent to such assignment.

SECTION 10.03. Architect's Supervision. Each Capital Improvement, the estimated cost of which is Ten Million Dollars (\$10,000,000), as Indexed, or more in the aggregate, shall be carried out under the supervision of an architect licensed to practice in the State of California. The reasonable estimate of the cost of such Capital Improvement prepared by a competent professional reasonably acceptable to Landlord and Tenant shall be binding upon Landlord and Tenant for purposes of this Section. If Landlord and Tenant are unable to agree on such a professional, the reasonable estimate of the cost prepared by the architect shall be binding upon Landlord and Tenant.

SECTION 10.04. Title to Improvements. Title to all additions, alterations, improvements and replacements made to the Hotel, including, without limitation, the Capital Improvements, shall vest in Tenant and remain vested in Tenant during the Term of this Lease. At the expiration or earlier termination of the Term of this Lease, however, title to the Hotel shall vest in Landlord without further action of any Party, without any obligation by Landlord to pay any compensation therefor to Tenant.

SECTION 10.05. Right to Demolish and Rebuild.

(a) Tenant shall have the right, subject to full compliance with applicable laws, at any time after the fortieth (40th) year of the Term upon at least one year's notice to Landlord, to demolish, raze, and remove the Hotel one time only, provided that (i) Tenant complies with Sections 10.01, 10.02, 10.03, 10.04 and 10.05(b) hereof; (ii) within thirty-six (36) months (as the same may be extended for up to an additional thirty-six (36) months for delays due to Force Majeure) from the removal of the Hotel there shall be erected in the place thereof improvements having facilities equal to or better than the Hotel removed with the same number of Guest Rooms the Hotel had prior to demolition thereof, unless Landlord consents in writing to a different number of Guest Rooms; and (iii) Tenant will provide the support and otherwise protect the rights of Landlord reserved in Section 41.01 hereof both during construction and afterwards during the Term of the Lease. From the period when Tenant stops accepting paying guests for overnight accommodations in Guest Rooms in at least thirty-three percent (33%) of the Guest Rooms in contemplation of demolition until one (1) year from the date when reconstruction of the Hotel has been completed, Tenant shall pay to Landlord at the times set forth herein the greater of (a) Net Rent as set forth in Sections 2.04 and 2.05 hereof (and, to the extent applicable, Section 2.12) or (b) Net Rent equal to the average Net Rent for the three (3) full calendar years preceding

the date Tenant stopped accepting paying guests for overnight accommodations in at least thirty-three percent (33%) of the Guest Rooms in contemplation of demolition.

(b) In the event any such demolition of the Hotel by Tenant is to result in a demolition of any of the improvements in the Retail Parcels which are located within the boundary of the CB-1 Hotel Site and the envelope of the Hotel Building but which are not included within the Premises, Tenant shall promptly pay Landlord for all costs and expenses incurred by Landlord in reimbursing tenants from Landlord of the Retail Parcels pursuant to Section 1.02.6 of the Other Lease or similar provisions in similar leases insofar as such reimbursement obligation relates to such Retail Parcels.

SECTION 10.06. Memorandum of Agreement. Landlord shall disapprove any alteration covered by that certain Memorandum of Agreement dated June 2, 1982, by and between the United States Department of Housing and Urban Development, the California State Historical Preservation Office, and the National Advisory Council on Historical Preservation, unless the procedure referred to therein is followed, provided that Landlord shall not be obligated to approve such alteration simply because the procedure specified in said Memorandum of Agreement has been followed.

ARTICLE 11

UTILITY SERVICES

SECTION 11.01. Utility Services. Tenant will pay or cause to be paid as the same become due all charges for all public or private utility services and all sprinkler systems and protective services at any time rendered to or in connection with the Premises or any part thereof, will comply with all contracts relating to such services, and will do all other things required for the maintenance and continuance of all such services. Tenant hereby expressly waives any and all claims for compensation, damages, payments or offset based upon or with respect to any and all loss or damage now or hereafter sustained by Tenant by reason of any defect, deficiency, failure or impairment of whatever kind or nature in any service or utility furnished or supplied to or used by Tenant or any other party in connection with the use, occupancy, maintenance, or operation of the Premises or any part thereof. Such services and utilities shall include, without limitation, the water supply system, drainage, sewer system, wires leading to or inside the Premises, gas, electric or telephone services.

ARTICLE 12

DAMAGE OR DESTRUCTION

SECTION 12.01. Notice. In case of any material damage to or destruction of the Premises or of the Hotel or any part

THE

AMERICAN

WOMAN

IN THE

WEST

BY

JOHN

W. FOSTER

OF THE

ARMY

AND

NAVY

OF THE

UNITED STATES

OF AMERICA

IN

THE

WEST

AND

THE

INDIAN

WARS

OF

THE

UNITED STATES

OF AMERICA

IN

THE

WEST

thereof, Tenant will promptly give written notice thereof to Landlord generally describing the nature and extent of such damage or destruction.

SECTION 12.02. Damage or Destruction to Improvements.

Except as provided to the contrary in the immediately following sentence of this Section, in the event of any damage to or destruction of all or any portion of the Hotel, Tenant covenants that Tenant shall, within a reasonable period of time, commence and complete (subject to Force Majeure) the restoration, replacement, or rebuilding of the Hotel to the condition it was in prior to such damage or destruction (such restoration, replacement, rebuilding, alterations and additions, together with any temporary repairs and property protection pending completion of the work being hereinafter called "Restoration") to the extent the same is possible with then applicable laws, statutes and regulations. All Restoration performed by Tenant shall be in accordance with the procedures set forth in Article 10 hereof.

In the event of any Major Damage (as defined below) to all or any portion of the Hotel at any time when there is less than ten (10) years remaining on the Term of this Lease, Tenant covenants that Tenant shall as promptly as practicable either (a) commence and complete (subject to Force Majeure) Restoration or (b) raze all buildings on the Land without the necessity of rebuilding the Retail Shells, remove any rubble and cause the Land to be returned to a safe condition pursuant to the

provisions of Section 12.03 hereof; provided, however, that in order to elect (b), Tenant must (i) give Landlord notice of the damage or destruction within ten (10) days after the event causing such damage or destruction and must give Landlord notice of such election within ninety (90) days after the first notice, (ii) transfer to Landlord all insurance proceeds resulting from the casualty, less any proceeds allocated for razing the Hotel, and clearing and landscaping the Site, and (iii) deliver possession of the Land to Landlord and quitclaim to Landlord all right, title and interest in the Land and Hotel. If (b) above is selected, this Lease shall terminate upon satisfaction of the conditions set forth above.

Major Damage to the Hotel as used in this Section means such damage or destruction that the cost of Restoration will exceed fifty percent (50%) of the cost to replace the Hotel in its entirety on the Land. The calculation of said percentage shall be based upon the replacement cost of the Hotel as of the date of the subject destruction. In case Landlord and Tenant cannot mutually agree upon such replacement value or cost or the percentage of such damage or destruction, such matter or matters shall be submitted to arbitration pursuant to Section 31.01 hereof. If Tenant so elects to terminate this Lease, then the Parties shall be released thereby without further obligations to the other Party as of the effective date of such termination subject to (i) all indemnification provisions hereof and (ii) any

amounts of whatever kind or nature hereunder, including, without limitation, rent, Impositions, and insurance premiums, whether accrued or due and payable by Tenant to Landlord as of the effective date of such termination.

If Tenant is not obligated to restore hereunder and there is no Event of Default hereunder in the event of damage or destruction to all or part of Tenant's Personal Property, Tenant shall receive all proceeds of insurance covering Tenant's Personal Property. If, however, Tenant is obligated to restore and fails to do so, or there is any other Event of Default hereunder, in the event of damage to all or part of Tenant's Personal Property, Landlord shall receive all proceeds of insurance covering Tenant's Personal Property.

SECTION 12.03. Clearing Debris from Razed Improvements.

If Tenant is not obligated to rebuild, replace or repair the Hotel, and if Tenant elects not to do so, then it shall raze the Hotel (or such part thereof as has been damaged or destroyed) and clear the area of all debris. After the area has been cleared, it shall be so landscaped by Tenant so as not to be inconsistent with adjacent landscaping. All activities that are performed by Tenant razing the Hotel and constructing the landscaping shall, to the extent insurance proceeds are inadequate, be at Tenant's sole cost and expense.

SECTION 12.04. No Relief from Liability. In the event of any damage to or destruction of the Hotel, or any part thereof,

from any cause whatsoever, for the period from the date of such damage or destruction to the date Restoration is complete, as determined by Landlord, Tenant shall pay the greater of (i) Net Rent set forth hereunder or (ii) the Average Rent plus Additional Rent, except as set forth in Section 12.02 hereof.

SECTION 12.05. Insurance Proceeds. Any loss in excess of Five Million Dollars (\$5,000,000), as Indexed, covered by the insurance required to be carried hereunder shall be payable to a trustee (which shall be a bank or trust company, designated by Landlord, having an office in San Francisco and which has capital and surplus of at least Fifty Million Dollars (\$50,000,000), as Indexed) or to the Mortgagee that is the holder of any Mortgage which is a lien against the Hotel which has been damaged or destroyed, at the option of such Mortgagee; provided, however, such payment shall be made to the bank or trust company specified above, in trust, if there is no Mortgagee; it being understood, however, that all amounts collected on any such policies shall be made available to Tenant, and shall be paid out by the said trustee or Mortgagee from time to time as the work of Restoration shall progress, in amounts designated by certification, by architects licensed to do business in the State of California, showing the application of said amounts as payment for such Restoration; provided, however, that it first be made to appear to the reasonable satisfaction of the trustee or Mortgagee that the amount necessary to provide for the Restoration of any

buildings and other improvements destroyed or damaged, as aforesaid, according to the plans adopted therefor, which may be in excess of the amount received upon such policies, has been provided by the insured for such purposes and its application for such purposes is assured. If Tenant is not obligated to rebuild, replace or restore the Hotel, such proceeds shall be made available to Tenant to the extent necessary for Tenant to perform its obligations under Section 12.03 hereof and the balance shall be paid to Landlord. If the damage is so slight that the insurance award is for less than Five Million Dollars (\$5,000,000), as Indexed, then the insurance award shall be paid directly over to Tenant, without the necessity of payment to the trustee as otherwise provided for herein; but this shall not be construed as relieving the insured from the necessity of repairing such damage promptly in accordance with the terms of this Lease. Tenant shall pay all reasonable fees of the trustee for its services. Any excess of monies received from insurance remaining with the trustee or Mortgagee after the reconstruction or repair of the Hotel shall be paid to Tenant.

ARTICLE 13

CONDEMNATION

SECTION 13.01. Notice. "Taking" means the taking of all or any part of the Premises or the possession thereof under the power of eminent domain or voluntary sale of all or any part of

the Premises to any person having the power of eminent domain, provided that the Premises or such part thereof is then under the threat of condemnation. In case of a Taking of all or any part of the Premises, or the commencement of any proceedings or negotiations which might result in such Taking, Tenant shall within a reasonable period of time give written notice thereof to Landlord generally describing the nature and extent of such Taking or the nature of such proceedings or negotiations and the nature and extent of the Taking which might result therefrom, as the case may be.

SECTION 13.02. Total Taking. In case of a Taking of the fee of the entire Premises, this Lease shall terminate as of the date title vests in the condemning authority or the date the condemning authority is entitled to possession, whichever first occurs (the "Date of Taking"). In case of a Taking of the fee interest in such a substantial part of the Premises as shall result in the Premises remaining after such Taking (even if Restoration were made) being unsuitable or economically unfeasible for the use to which such remaining part of the Premises had been put prior to such Taking, Tenant may, at its option, terminate this Lease by written notice to Landlord given within ninety (90) days after the Date of Taking, as of the date the condemning authority takes possession. Any Taking of the Premises of the character referred to in this Section which results in the termination of this Lease is referred to herein as a "Total Taking."

In the event Landlord and Tenant are unable to agree within one hundred twenty (120) days following the Date of Taking whether a Taking is a Total Taking, the matter shall be determined by an arbitration conducted under Section 31.01.

SECTION 13.03. Partial Taking. In case of a Taking of the Premises other than a Total Taking (a "Partial Taking"), (a) this Lease shall remain in full force and effect as to the portion of the Premises remaining immediately after such Taking, without any abatement or reduction of Net Rent or any other sum payable hereunder, except as expressly provided herein and (b) Tenant, whether or not the awards or payments, if any, on account of such Taking shall be sufficient for the purpose, at its expense, shall promptly commence and complete Restoration of the Premises as nearly as possible to the condition thereof as existed immediately prior to such Taking. All Restoration hereunder shall include rebuilding and restoring the same to a complete architectural unit. In the event of any such rebuilding of the Hotel, the same shall be done in accordance with the provisions of Article 10 hereof.

SECTION 13.04. Awards. Awards and other payments on account of a Taking, less costs, fees and expenses incurred in the collection thereof ("Net Awards and Payments") shall be applied as follows:

(a) In case of a Partial Taking other than a Taking for temporary use, Tenant shall furnish to Landlord evidence

satisfactory to Landlord of the total cost of the Restoration required by Section 13.03 hereof.

(b) Net Awards and Payments received on account of a Partial Taking other than a Taking for temporary use shall be held and applied to pay the cost of Restoration of the Premises. The balance, if any, shall be divided respectively between Landlord and Tenant in the ratio, as nearly as practicable, which the (i) then value of Landlord's interest in the Premises valued as encumbered by this Lease, including Landlord's reversionary interest in the Hotel, bears to (ii) the then value of Tenant's interest in this Lease for the remainder of the Lease Term, each as determined by appraisal as provided in this Lease. Minimum Rent will be reduced on an annual rate from the date of the Taking by an amount equal to the amount of the award retained by Landlord after the cost of Restoration multiplied by the yield obtainable on six (6) months obligations of the United States government at the time of the making of the award (the "T-Bill Rate").

(c) Net Awards and Payments received on account of a Taking for temporary use shall be paid as follows:

(i) in the event of a Taking for temporary use, the average Net Rent for the last three (3) years prior to the date of a Taking for temporary use shall be calculated and shall be referred to hereinafter as the "Average Rent"; and

(ii) if the Net Awards and Payments for a Taking for temporary use are paid annually, such amount shall be paid to the Mortgagee, if any, or, if there is none, to a depository to be selected in the same manner as is provided in Section 12.05 hereof, who shall disburse therefrom to Landlord the Average Rent up to the amount of any Net Awards and Payments, and to Tenant the balance; and

(iii) if the Net Awards and Payments for a Taking for temporary use are paid in a lump sum, such amount shall be paid to the Mortgagee, if any, or, if there is none, to a depository, to be selected in the same manner as is provided in Section 12.05 hereof, who shall disburse the present value of the sum of the Average Rents for each year of such temporary Taking discounted at the T-Bill Rate to Landlord and to Tenant the balance; provided, however, that (w) if any portion of any such award or payment is paid by the condemnor by reason of any damage to or destruction of the Hotel, such portion shall be held and applied as provided in the first sentence of subsection (b) of this Section; (x) if any portion of an award or payment on account of a Taking for temporary use relates to a period beyond the date of termination of the Term hereof, such portion shall be paid to Landlord; (y) if, at any time such award or payment becomes payable to Tenant, any Net Rent or other sums payable hereunder (including, without limitation, any tax payment provided for hereunder) which shall have been overdue and unpaid,

such award or payment shall first be applied to the payment thereof; and (z) for any period of time in which Average Rent shall be due under this Section, Net Rent otherwise due under Article 2 shall be abated. If the Average Rent is paid by the Mortgagee or depositary, no Net Rent shall be due hereunder for the period for which the Average Rent is paid.

(d) Net Awards and Payments received on account of a Total Taking shall be allocated as set forth in the second sentence of subsection (b) of this Section.

(e) In the event of any Taking, if there is no Event of Default hereunder, Tenant shall retain any Net Awards and Payments received on account of Tenant's Personal Property. If, however, there is an Event of Default hereunder in the event of any Taking, Landlord shall receive all Net Awards and Payments received on account of Tenant's Personal Property.

(f) In the event the Parties are unable to agree on the allocation of any Net Awards and Payments hereunder, such allocation shall be determined by an appraisal pursuant to 31.02 hereof.

ARTICLE 14

LIENS

SECTION 14.01. No Liens. Tenant will not directly or indirectly create or permit to be created or to remain, and will discharge, any mortgage, deed of trust, lien, security interest,

encumbrance or charge on, pledge of or conditional sale or other title retention agreement with respect to the Premises or any part thereof or Tenant's interest therein, other than (a) this Lease and permitted subleases, (b) liens for Impositions not yet payable, or payable without the addition of any fine, penalty, interest or cost for nonpayment, or being contested as permitted by Article 5 hereof, (c) Mortgages, and (d) liens of mechanics, materialmen, suppliers or vendors, or rights thereto, for sums which under the terms of the related contracts are not at the time due or which are being contested as permitted by Article 5 hereof.

SECTION 14.02. Mechanics' Liens. Nothing in this Lease contained shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied, for the performance of any labor or the furnishing of any materials for any specific improvement, alteration or repair of or to the Premises or any part thereof, nor as giving Tenant a right, power or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any mechanics' or similar liens against the fee of the Premises. Tenant agrees that Tenant will, at all times when the same may be necessary or desirable, take such action as may be required under any law in existence or hereafter enacted which will prevent the enforcement of any mechanics' or similar liens against the fee of the Premises for or on account of labor,

services or materials furnished to Tenant, or furnished at Tenant's request. Tenant shall promptly cause to be removed any mechanics' or similar lien, by bonding or otherwise. Tenant will allow Landlord from time to time to post a notice of non-responsibility on the Premises.

ARTICLE 15

INSPECTION OF PREMISES BY LANDLORD

SECTION 15.01. Entry. Tenant shall permit Landlord and the authorized representatives of Landlord to enter the Premises at all reasonable times, whether or not Tenant or Tenant's representatives are present for the purpose of (a) inspecting the same and (b) performing any work therein that may be necessary by reason of Tenant's default under any terms of this Lease. Landlord agrees to give Tenant reasonable prior notice of Landlord's entry on the Premises except in an emergency. Nothing herein shall imply any duty upon the part of Landlord to do any such work which under any provision of this Lease Tenant may be required to perform, nor to place upon Landlord any obligation, or liability whatsoever, for the care, supervision or repair of the Premises. Landlord may, during the progress of any work on the Premises, keep and store therein all materials, tools and equipment required for such work which must be stored therein. Landlord shall not in any event be liable for inconvenience, loss of business or other damage to Tenant by reason of the

performance of any such work on the Premises, or on account of bringing materials, supplies and equipment into or through the Premises during the course thereof; provided, however, that Landlord shall be liable for the personal injuries or death of any person or for physical damage to the Premises resulting from Landlord's negligence or the negligence of Landlord's contractors, employees or agents.

SECTION 15.02. Exhibit for Sale or Lease. Landlord is hereby given the right during usual business hours to enter the Premises and to exhibit the same in a reasonable manner for the purpose of sale, and during the last twenty-four (24) months of the Initial Term of this Lease if Tenant has not exercised an option to extend the Term, or any Extended Term of this Lease, to exhibit the same to any prospective tenant, upon reasonable prior notice to Tenant.

ARTICLE 16

ASSIGNMENTS AND SUBLEASES

SECTION 16.01. Definitions For Assignment and Subletting. For the purpose of this Article, the following definitions shall apply:

- (a) "Significant Change" shall mean:
 - (i) the dissolution of Tenant;
 - (ii) the admission of any new general partners of Tenant other than an Affiliate of an

existing general partner, The Rouse Company or a totally owned subsidiary thereof, or any Bona Fide Institutional Lender;

- (iii) admission of any limited partners (other than a limited partner who is also a general partner in accordance with the provisions of this Lease) in Tenant who individually or collectively under the provisions of the partnership agreement of Tenant may (w) exercise management or control of the business of Tenant, (x) designate, replace or substitute a general partner of Tenant except with the concurrence of a majority of the general partnership interests in Tenant, (y) require a nonjudicial dissolution of Tenant or a merger or consolidation of Tenant with any other partnership, or (z) authorize or prohibit the distribution of any funds or the sale, lease or encumbering of any assets of Tenant; provided, further, that the partnership agreement of Tenant must contain provisions setting forth the substance of this subdivision

- (iii), which provisions may not be amended or deleted prior to the completion of the Hotel as Certified by Landlord except with Landlord's consent;
- (iv) with respect to general partners of Tenant which are partnerships, whether general or limited, such partnerships sell, transfer or convey all or any substantial part of the assets of such partnerships to any person or entity except to an existing general partner or an Affiliate;
- (v) with respect to general partners of Tenant who are individuals, such individuals sell, transfer or convey all or any part of his or her interest to any person or entity except to an existing general partner or an Affiliate, except in the case of death or to a corporation under the direct or indirect control of such person;
- (vi) with respect to general partners of Tenant which are partnerships, the general partners in such partnership sell, transfer or convey all or any part of their general partnership interest in

such partnership to any person or entity except to an existing general partner or an Affiliate;

- (vii) with respect to general partners of Tenant which are corporations, except for publicly traded corporations, Olympia & York California Equities Corp., or a corporation mentioned in (viii) below, a sale or other transfer of 51% or more of the shares of any such corporation to (y) shareholders who were not shareholders of such corporation on the date hereof or (z) any person or entity not a shareholder on the date hereof who as a result acquires fifty-one percent (51%) or more of the shares in such corporation;
- (viii) an event resulting in O & Y Equity Corp.'s ceasing to own at least fifty percent (50%) of all voting stock of Olympia & York California Equities Corp. ("Equities"), unless the partnership interest of Equities in Tenant is simultaneously transferred to a corporation, the stock of which is either owned 100% by Olympia & York Development Limited ("Development") or by a corporation, the

stock of which is 100% owned by Development; and

- (ix) if after a transfer pursuant to (viii) above, the partnership interest formerly held by Equities in Tenant is no longer owned by a corporation the stock of which is either owned 100% by Development or by a corporation the stock of which is 100% owned by Development.

(b) "Sublease" shall mean any sublease, occupancy, concession, license or management agreement for all or a portion of the Premises.

(c) "Subtenant" shall mean any subtenants, operators, licensees, franchisees, concessionaires and other occupants of the Premises except Tenant.

(d) "Substantial Sublease" is a sublease of all or substantially all of the Premises to any person, firm or entity which is not a sale and leaseback or similar transaction as part of a Mortgage contemplated by Article 43.

(e) "Substantial Subtenant" shall mean a subtenant occupying all or substantially all of the Premises under a Substantial Sublease.

(f) "Operating Sublease" shall mean a Sublease for the sale of goods or rendering of services, including Pass Through Subleases but shall not include an operating agreement or

similar instrument with a Manager in the nature of a Management Agreement contemplated by Section 18.02 hereof. If a Management Agreement takes the form of a Sublease, the provisions of such Management Agreement must still comply with the provisions of Section 18.02 and, in the event of conflict, the provisions of said Section 18.02 shall take precedence over any other Sections of this Lease with respect to such Management Agreement.

(g) "Technical Services Agreement" shall mean that agreement between Tenant and Marriott Corporation or a wholly-owned subsidiary providing for the latter's role in designing, constructing, equipping, furnishing and supplying the Hotel, in the manner contemplated by this Lease and the Disposition Agreement.

SECTION 16.02. Assignment, Significant Change and Substantial Subletting Prior to Completion.

(a) Except as otherwise expressly provided in this Section, prior to completion of the Hotel as Certified by Landlord, neither this Lease nor the interest of Tenant in this Lease shall be sold, assigned or otherwise transferred, whether by operation of law or otherwise, nor shall there be a Significant Change, nor shall Tenant enter into any Substantial Sublease or any other Sublease, other than a Management Agreement in the form of a sublease (any approval of which is determined by Section 18.02 hereof) or a Pass-Through Sublease, without, in each case, (i) the prior written consent of Landlord, which consent may be

withheld in the sole discretion of Landlord (except as otherwise specifically provided in Section 16.08(b)), and (ii) compliance with the applicable requirements set forth in Sections 16.03 and 16.04 hereof.

(b) Notwithstanding the provisions of Section 16.02(a) hereof, without Landlord's consent Tenant may sell, assign or transfer this Lease to (i) any partnership, the only general partners of which are Tenant, an Affiliate of Tenant, the general partners of Tenant, the Affiliate of such general partners, The Rouse Company or a wholly-owned subsidiary thereof or any Bona Fide Institutional Lender (provided, that Tenant or the general partners of Tenant as general partner(s) in such new partnership shall remain as the developer of the Hotel under this Lease and the Disposition Agreement and Marriott Corporation or its wholly-owned subsidiary shall have primary responsibility for and control over the implementation of Tenant's obligation to develop the Hotel under this Lease and the Disposition Agreement), (ii) a purchaser at a foreclosure sale under the provisions of a Mortgage which complies with the provisions of Article 43 hereof, or (iii) a Mortgagee by way of a collateral assignment as security for a Mortgage.

(c) None of the provisions of this Section shall modify or limit the rights of any Mortgagee under Article 43 hereof.

(d) Tenant covenants and agrees that, notwithstanding the provisions of clause (i) of subsection (b) above, any proceeds actually realized by Tenant prior to completion of construction of the Hotel as Certified by Landlord from the sale, assignment or transfer of the Lease or the admission of new partners in Tenant or the sale of any partnership interests of Tenant shall be utilized exclusively for (i) costs and expenses of the type referred to in Section 43.05 hereof incurred by Tenant in developing the Hotel and (ii) transaction expenses incurred in any such sale, assignment or transfer.

(e) Any consent by Landlord as required by this Section shall apply only to the specific transaction thereby authorized and shall not relieve Tenant from any requirement of obtaining the prior written consent of Landlord to any further sale, assignment, transfer or Sublease described in this Section prior to completion of the Hotel in accordance with the Disposition Agreement.

(f) At any time, Tenant may submit a request to Landlord for the approval of the terms of an assignment, transfer, sublease or encumbrance of this Lease or of a Significant Change (all of the foregoing being collectively referred to herein as a "proposed transfer") or for a decision by Landlord as to whether in its opinion a proposed transfer requires Agency consent under the provisions of this Section 16.02. Within thirty (30) days of the making of said request, Landlord shall

notify Tenant in writing of Landlord's decision with respect to Tenant's request. If Landlord approves the terms of the proposed transfer, or determines that the proposed transfer does not require its consent, as applicable, Landlord shall thereafter accept the proposed transfer. If Landlord disapproves the proposed transfer, and/or determines that it requires the consent of Landlord, as applicable, it shall specify the grounds for its disapproval, its reason that consent is required, or both, as applicable. Where the request includes a determination as to whether it is the decision of Landlord that its consent to a proposed transfer is required, Tenant is not bound by the decision of Landlord that such consent is required. If Landlord fails to respond to any such request within thirty (30) days of the making thereof, the request shall be deemed approved, if consent was requested, and the proposed transfer shall be deemed not to require the consent of Landlord, if such determination was requested, or both, depending upon the request made.

(g) The prohibitions provided in this Section 16.02 shall not apply to an agreement which may be entered into prior to the date of completion of the Hotel as Certified by Landlord for an assignment or other transfer, a Significant Change, or a Substantial Sublease or other Sublease but which will close or otherwise occur or commence, as applicable, subsequent to such certification. Instead, the provisions of Section 16.03 shall apply to such a transaction.

'h) The prohibitions provided in this Section 16.02 shall not be deemed to prevent (i) the granting of easements or permits on Tenant's leasehold estate in the Premises to the extent not prohibited by the Disposition Agreement or this Lease, to facilitate the development of the Hotel or (ii) granting any security interest expressly permitted by this Lease for financing development of the Hotel, provided that the terms of this Lease are complied with.

SECTION 16.03. Post-Completion Assignment, Significant Change and Substantial Subletting.

(a) From and after the date of completion of the Hotel as Certified by Landlord, any Significant Change may occur and Tenant may freely assign this Lease or the interest of Tenant in this Lease or sublet all or substantially all of the Hotel to any person, firm or entity, without the consent of Landlord, except to:

(i) any person, firm or entity which is not financially responsible; or

(ii) any person, firm or entity which has a bad reputation.

(b) A Bona Fide Institutional Lender or any subsidiary, affiliate, managed fund or special account thereof shall be presumed to be financially responsible and have a good reputation and, therefore, not within the class of persons, firms or entities described in Section 16.03(a)(i) and (ii) hereof.

(c) From and after the date of completion of the Hotel as Certified by Landlord, Tenant shall not enter into any Sublease, other than a Substantial Sublease, a Pass Through Sublease or a Management Agreement (any approval of which Management Agreement being determined under the provisions of Section 18.02 hereof) without in each case (i) the prior written consent of Landlord, which consent may be withheld in the sole discretion of Landlord (except as otherwise specifically provided in Section 16.08(b) hereof) and (ii) compliance with the applicable requirements set forth in Sections 16.03 and 16.04 hereof.

SECTION 16.04. Additional Requirements For All Assignments and Subletting, Etc.

(a) Tenant shall promptly notify Landlord of any and all Significant Changes or of any other act or transaction involving or resulting in any change in the ownership of Tenant or its general partners, or with respect to the identity of the parties in control of Tenant or its general partners or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. Tenant shall, at such time or times as Landlord may reasonably request, furnish Landlord with a statement, subscribed and sworn to by an officer of a general partner of Tenant, if such general partner is a corporation, or otherwise by an individual designated by Tenant, setting forth all of the general partners of Tenant and the extent of their respective holdings, and in the event any

other parties have a beneficial interest in Tenant, their names and the extent of such interest, all as determined or indicated by the records of Tenant, by specific inquiry made by an officer of a partner of Tenant of all parties who on the basis of such record or corporate records own ten percent (10%) or more of Tenant and who are general partners of Tenant or general partners in any partnership which is a general partner in Tenant, and by such other knowledge or information as such officer may have. Such lists and information shall in any event be furnished to Landlord immediately prior to delivery of the leasehold interests to Tenant and as a condition precedent thereto, and annually thereafter on the anniversary date of such delivery.

(b) Anything contained in Sections 16.02 or 16.03 hereof to the contrary notwithstanding, no assignment of this Lease and the interest of Tenant in this Lease, and no Substantial Sublease shall be effective for any purposes if:

(i) The assignee or Substantial Subtenant shall not be authorized under the laws of California to own and convey real property and be subject to the jurisdiction of the courts of the State of California;

(ii) On the proposed date of such assignment or Substantial Sublease, there shall be an uncured Event of Default hereunder;

(iii) Tenant shall not have given Landlord at least twenty (20) days' prior written notice of the proposed

assignment or Substantial Sublease, which notice shall contain (x) in the case of a corporate assignee or Substantial Subtenant (other than a publicly held corporation whose common stock is traded over a national stock exchange or which is a Bona Fide Institutional Lender), a certificate of an authorized officer of the proposed assignee or Substantial Subtenant setting forth the names and addresses of all directors and officers of such corporation, and (y) in the case of a partnership assignee or Substantial Subtenant, a certificate of the managing general partner or other authorized general partner of the proposed assignee or Substantial Subtenant setting forth the names and addresses of all general partners of such partnership.

(c) Tenant covenants and agrees that it shall deliver to Landlord, or shall cause to be delivered to Landlord, (i) in the case of an assignment of this Lease and the interest of this Lease, within thirty (30) days after Tenant shall have entered into any such assignment, an executed counterpart of the assumption by such assignee of the agreements, covenants, obligations and liabilities of Tenant arising or accruing from and after the effective date of such assignment, subject to the limitation of liability provided in Article 35 hereof, such assumption to be in form and substance reasonably satisfactory to Landlord, and (ii) in the case of a Substantial Sublease, within thirty (30) days after Tenant shall have entered into any such Substantial Sublease, an executed counterpart thereof.

(d) If this Lease and the interest of Tenant in this Lease shall be assigned or transferred in accordance with the terms of this Lease, such assignor, upon the effective date of any such assignment or transfer, shall be released of all agreements, covenants, obligations and liabilities of Tenant arising or accruing from and after the effective date of such assignment or transfer; and Landlord, upon request by the assignor of this Lease and the interest of Tenant in this Lease, shall deliver to such assignor an agreement confirming the same; provided, however, that, and subject to the provisions of Article 35 hereof, such assignor shall continue to be deemed Tenant with respect to any agreements, covenants, obligations or liabilities of Tenant arising or accruing prior to the effective date of such assignment or transfer.

(e) No assignment of this Lease and the interest of Tenant in this Lease or Substantial Sublease shall have any validity except upon compliance with the provisions of this Article.

(f) The provisions of this Article regarding assignment shall under no circumstances be deemed to apply to the giving of any Mortgage by Tenant, its successors or assigns, on the leasehold created hereby or on the Hotel to secure a loan.

(g) Any Substantial Sublease of the Hotel shall be subject to the same terms, conditions and limitations of the

applicable provisions of Sections 16.02, 16.03 and 16.04 hereof.

(h) If, notwithstanding the provisions of this Section, this Lease is assigned by operation of law in connection with any proceedings under state or federal insolvency or bankruptcy law, or any comparable law, whether for liquidation or reorganization, Landlord shall have a right of first refusal to purchase this Lease. If any trustee or debtor in possession (collectively, "trustee") receives an offer to purchase this Lease, such trustee shall notify Landlord in writing of the terms of such offer. If Landlord, within one hundred twenty (120) days after receipt of such notice, indicates in writing its agreement to purchase this Lease on the terms stated, the trustee shall sell and convey this Lease to Landlord on the terms stated in the notice. If Landlord does not indicate its agreement within one hundred twenty (120) days, the trustee shall thereafter have the right to assign this Lease to the party making the offer on the terms of such offer. If such offeror does not purchase this Lease on such terms and conditions, Landlord shall have a right of first refusal to purchase this Lease in event of any later offer for the purchase of this Lease. If an offeror purchases this Lease in connection with any proceedings under state or federal insolvency or bankruptcy law, or any comparable law, whether for liquidation or reorganization, Landlord shall have the option to purchase this Lease from such party for an amount

equal to the amount such party paid for this Lease, at any time within one (1) year from the date of such offeror's purchase thereof. Any purchase by Landlord pursuant to this subsection shall be subject to rights of any Mortgagee(s).

SECTION 16.05. Assignment of Rents. Tenant hereby assigns to Landlord all rents due or to become due from any present or future Subtenant or other person occupying the Premises under Tenant but such assignment shall be subject to the right of Tenant to collect such rents until the date of the happening of any Event of Default under the provisions of this Lease which has not been cured within the time provided in this Lease. Landlord shall apply any net amount collected by it from such subtenants to the Net Rent or Additional Rent due under this Lease. Nothing contained in this Section 16.05 shall prohibit, limit or restrict Tenant's right to assign rents to any Mortgagee or impair the validity of the lien of any Mortgage meeting the requirements of Article 43.

SECTION 16.06. Attornment. In the event of a termination of this Lease and a new lease has not been entered into with a Mortgagee under Section 43.12 hereof, each Subtenant under a Sublease and any Substantial Subtenant under a Substantial Sublease with Tenant shall attorn to Landlord unless Landlord shall elect to dispossess such Subtenant or Substantial Subtenant. Tenant covenants that each Sublease and Substantial Sublease hereafter executed shall contain a clause expressly providing

that the Subtenant or Substantial Subtenant thereunder shall attorn to Landlord in the event of a termination of this Lease, but the absence of such a clause from any Sublease or Substantial Sublease shall not relieve the Subtenant or Substantial Subtenant from the provisions of this Section. Notwithstanding the foregoing, Landlord agrees to enter into a non-disturbance agreement in form and substance reasonably satisfactory to Landlord whereby Landlord agrees not to disturb the possession of any Subtenant or Substantial Subtenant in the event of a default by Tenant hereunder when requested to do so by a Subtenant approved by Landlord or Substantial Subtenant (a) pursuant to a Sublease approved by Landlord or Substantial Sublease, and (b) with respect to a Substantial Subtenant under a substantial subletting, if the Substantial Sublease is identical in form and substance to this Lease (whether or not Landlord's approval is required with respect to such Substantial Subtenant or Substantial Sublease) or, if not so identical, contains a provision that in the event of attornment the Substantial Subletting shall be upon the provisions of this Lease, except for the term of such Substantial Sublease, which shall be in accordance with the provisions of the Substantial Sublease.

SECTION 16.07. Landlord's Sale or Assignment. Landlord shall have the right to convey its interest in the Premises or to assign all of its right, title and interest in and to this Lease without the prior written consent of Tenant after Landlord has

given Tenant the opportunity to exercise the right of first negotiation to the extent set forth in Section 39.01 hereof. In the event of such a sale or assignment, Landlord shall have no further obligations to Tenant as of the date of such assignment; provided, however, that no such sale or assignment shall relieve Landlord from any obligations or liabilities to Tenant pursuant to the Disposition Agreement.

SECTION 16.08. Compliance by Subtenants.

(a) Tenant shall make reasonable efforts to cause all Subtenants to comply with their obligations under their Subleases. Nothing herein contained shall prohibit, restrict or limit Tenant from not requiring Subtenants to comply with the terms of their Subleases if in Tenant's reasonable business judgment compliance with such terms can or should be waived.

(b) Except in the case of a Pass Through Subtenant, the identity of any tenant under an Operating Sublease ("Operating Subtenant") shall be reasonably satisfactory to Landlord and any Operating Sublease shall be in form and substance reasonably satisfactory to Landlord and shall include the following:

(i) provisions which describe in reasonable specificity (x) the type of business which the Operating Subtenant intends to operate, (y) the decor of the business and the design of the Operating Subtenant improvements, and (z) the merchandise which the Operating Subtenant intends to sell (or, if

a restaurant, the type of food and cuisine which the Operating Subtenant intends to offer);

(ii) a covenant requiring the Operating Subtenant to comply with and operate in accordance with the Operating Sublease and providing that the Operating Subtenant may materially modify the Operating Sublease or change its operations only if it secures the consent of Tenant and Landlord, which in the case of Landlord shall not be unreasonably withheld or delayed; and

(iii) a covenant requiring continuous operation of the portion of the Premises covered by the Operating Sublease during normal business hours, subject to Force Majeure.

(c) The fact that a violation or breach of any of the terms, provisions or conditions of this Lease results from or is caused by an act or omission by any Subtenant, Substantial Subtenant or Operating Subtenant shall not relieve Tenant of Tenant's obligation to cure the same.

SECTION 16.09. Guest Rooms and Meeting Rooms.

Notwithstanding anything in this Article 16 to the contrary, without the necessity of consent of Landlord, Tenant or Tenant's Manager may rent Guest Rooms and meeting rooms.

ARTICLE 17

INDEMNIFICATION OF LANDLORD

SECTION 17.01. Indemnification of Landlord. Tenant will protect, indemnify and hold Landlord harmless from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including without limitation, attorneys' fees and expenses) imposed upon or incurred by or asserted against Landlord or the Premises by reason of the occurrence or existence of any of the following:

(a) any accident, injury to or death of persons (including workmen) or loss of or damage to property occurring on or about the Premises or any part thereof or the adjoining sidewalks, curbs, streets, vaults, passageways, spaces or ways;

(b) any use, non-use, possession, occupation, operation, maintenance, management or condition of the Premises or any part thereof or the adjoining sidewalks, alleys, curbs, streets, vaults, passageways, spaces, or ways;

(c) any failure on the part of Tenant to perform or comply with any of the terms of this Lease;

(d) performance of any labor or services or the furnishing of any materials or other property in respect of the Premises or any part thereof; or

(e) any negligence on the part of Tenant or any of its agents, contractors, servants, employees, sublessees, licensees or invitees, except in each case to the extent caused

by the breach hereof by Landlord or of any other obligation of Landlord to Tenant or by the negligent or willful act or omission of Landlord, its agents, employees, representatives or assigns. In case any action, suit or proceeding is brought against Landlord by reason of any occurrence for which Tenant is obliged to furnish indemnity to Landlord, Landlord will notify Tenant of such action, suit or proceeding, and Tenant may, and upon Landlord's request will, at Tenant's expense resist and defend such action, suit or proceeding, or cause the same to be resisted and defended by counsel designated by Tenant and approved by Landlord in writing.

ARTICLE 18

USE OF PREMISES: SURRENDER OF PREMISES

SECTION 18.01. Use of Premises. Tenant covenants and agrees that Tenant will continuously use or cause to be continuously used all of the Premises for the operation of a first-class convention hotel of not more than one thousand five hundred (1,500) Guest Rooms and for parking in the underground portion of the CB-1 Hotel Site and will operate the same with uses incidental to or customarily related to such use in accordance with the provisions of the REA if it becomes applicable to the Premises, but in all events in accordance with quality standards equal to those of other similar first-class hotels in the City and County of San Francisco and for no other purpose. Tenant

shall keep the Premises fully stocked, shall employ an adequate number of employees, and shall keep space in the Premises used for Tenant's administration to a bare minimum. Tenant covenants that it will not use or permit to be used any parts of the Premises for any disorderly or illegal purposes or for any dangerous, noxious or offensive trade or business and will not cause or maintain any nuisance in, or do anything in violation of any insurance policies or the regulations of the Board of Underwriters at or on the Premises. Any sublease, license or concession for the operation of any form of business on the Land or any portion thereof other than Pass Through Subtenants shall contain provisions similar to the provisions contained in this Section.

SECTION 18.02. Manager. Tenant shall cause the Hotel to be operated pursuant to a management agreement ("Management Agreement") with a manager ("Manager"). The Management Agreement shall be subject to Landlord's approval, which shall not be unreasonably withheld or delayed. If the initial Manager of the Hotel is not Marriott Corporation or a wholly-owned subsidiary thereof ("Marriott"), such Manager must be approved in writing by Landlord. Landlord shall approve the Management Agreement if it contains the following minimum requirements: (a) the initial term of the Management Agreement shall be for at least thirty (30) years; (b) the Management Agreement cannot be terminated by either party without Landlord's consent except (i) in the event

of breach thereunder or (ii) the failure to achieve economic goals reasonably approved by Landlord, and in no event will there be a termination of the Management Agreement by Tenant for the failure to reach such economic goals prior to the sixth anniversary of the Opening Date; provided, however, that no Landlord consent shall be required for a termination of the Management Agreement by any Mortgagee who succeeds to the position of Tenant as a result of a foreclosure or similar proceeding so long as the Mortgagee provides for a replacement Manager; (c) the Management Agreement shall provide that Landlord shall receive notice of default and notice of the grounds therefor when the defaulting party does; (d) that the Manager cannot, without Landlord's consent, assign its rights under the Management Agreement except to a wholly-owned subsidiary whose performance is guaranteed by its parent in a written guarantee reasonably satisfactory to Landlord; (e) the Management Agreement shall be subordinate to this Lease and that in the event of a default thereunder by Marriott, Marriott shall be liable in damages to Landlord as Tenant's successor or assignee (i) in the case of the failure of Marriott to pay over sums due to Tenant (and Landlord shall be entitled to collect such sums from Marriott), and (ii) in all other cases, damages sustained after delivery by Landlord of a notice of default under this Lease, provided that no suit pursuant to this clause (ii) may be instituted by Landlord against Marriott prior to termination of this Lease, it being understood

and agreed that any Management Agreement with a successor Manager to Marriott need not agree to be liable in damages to Landlord as provided in this clause (e); (f) the Management Agreement shall not conflict with this Lease, and shall require the Manager to comply with all the provisions of this Lease relating to the use, operation, and maintenance of the Hotel and the Personal Property located thereon; (g) the Management Agreement shall require the Manager (i) to operate the Hotel as a first-class convention hotel on standards equal to the standards of other comparable hotels, (ii) to maintain the Hotel and its Personal Property in a neat, clean, sanitary and safe condition, (iii) to make provision for the cost of replacing and renewing the Hotel's Personal Property through the establishment of reserves or other appropriate mechanism, (iv) to manage, supervise and direct the Hotel's sales, reservations, advertising, promotional, marketing and public relations activities, (v) to apply sound administrative, accounting, budgeting, personnel, and purchasing policies and practices, (vi) to maintain or cause to be maintained the insurance required by Article 6 hereof, (vii) to establish, implement and supervise inventory and cost control systems, (viii) to maintain adequate control over the Hotel's books and records, especially but not limited to those relating to Gross Room Sales, Gross Food and Beverage Sales and Gross Other Sales, (ix) to arrange for on behalf of Tenant, as appropriate, water, electricity, gas, steam, fuel oil, telephone, sanitation

equipment maintenance and other necessary services for the Hotel's proper operation, (x) to make timely payments from the Hotel's Gross Revenues for all purchases made or arranged for the Hotel, (xi) to collect, account for and remit all applicable excise, sales and use taxes or similar governmental charges collected directly from guests and patrons, (xii) to encourage, through sales offices, the use of the Hotel by businesses, trade associations, conventions, tourists, incentive groups, travel agencies and other recognized sources of hotel business, (xiii) to recruit, hire and train all the employees at the Hotel, (xiv) to comply with all Laws and Ordinances, and (xv) generally to perform each of the foregoing in an efficient and economic manner so as to (x) optimize the Hotel's revenues and (y) enhance the character and reputation of the Yerba Buena Gardens Center; (h) any Manager under the Management Agreement shall agree to attorn to Landlord, at the option of Landlord, in the event of an Event of Default by Tenant hereunder and a termination of this Lease; (i) Tenant's obligations under this Lease shall be secured by an assignment by Tenant to Landlord of all of its right, title and interest in and to such Management Agreement; and (j) the Manager shall agree that if the Management Agreement is terminated as an executory contract in the event of Tenant's bankruptcy, the Manager will agree to enter into a new Management Agreement with Landlord upon the same terms and conditions as the existing Management Agreement. If Marriott Corporation or a

wholly-owned subsidiary thereof ceases to be the Manager for any reason other than such corporation succeeding to the position of Tenant hereunder, Tenant agrees to use its best efforts to find a replacement Manager reasonably satisfactory to Landlord. A Manager who is financially responsible and has prior experience in managing first-class hotels shall be reasonably satisfactory to Landlord. A Manager whose Affiliates have the foregoing qualifications shall be deemed to have the foregoing qualifications.

In the event Marriott succeeds to the position of Tenant hereunder prior to the expiration of the tenth (10th) anniversary of the Opening Date and the Management Agreement terminates or expires, Marriott shall agree to have personal liability under this Lease for the period between such expiration or termination of the Management Agreement and the tenth (10th) anniversary of the Opening Date, provided, that Marriott shall not have personal liability for any matter accruing from or after a termination of this Lease if this Lease terminates prior to said tenth (10th) anniversary.

SECTION 18.03. Purchase of Property by Landlord. At the termination of this Lease, if Tenant is in default, title to the Personal Property shall vest in Landlord without any further action of any Parties. At the termination of this Lease, if Tenant is not in default, Landlord shall have the right to purchase, for the fair market value thereof, all signs, furniture, furnishings, equipment and supplies, and any renewals and

replacements thereof, placed in or upon the Premises by Tenant pursuant to Article 41 hereof except any logos, trademarks, symbols and designs of any Manager. If at the termination of this Lease, Tenant is not in default and Landlord elects not to purchase the signs, furniture, furnishings, equipment and supplies and renewals and replacements thereof placed in or on the Premises by Tenant, Tenant shall remove all such property within thirty (30) days of the termination of this Lease. If Tenant fails to remove such property within said period of time, such property shall be deemed to be abandoned by Tenant.

SECTION 18.04. Surrender. Subject to the limitation of Section 18.03 hereof, Tenant shall, upon termination of this Lease, surrender to Landlord the buildings, structures, and all other property on the Land and renewals and replacements thereof and all fixtures (including carpeting and drapes) in good order, condition and repair.

SECTION 18.05. Compliance with Mitigation Measures. Tenant agrees to comply with those mitigation measures set forth in Exhibit J attached hereto.

ARTICLE 19

QUIET ENJOYMENT

SECTION 19.01. Quiet Enjoyment. Subject to the exceptions contained in Article 1 hereof, Tenant, upon observing and keeping any covenants, agreements and conditions of this Lease on

its part to be kept, shall lawfully and quietly hold, occupy and enjoy said Premises during the Term of this Lease and any Extended Term without hindrance or molestation by Landlord or anyone claiming by, through or under Landlord. Notwithstanding the foregoing, Landlord shall have no liability to Tenant in the event of any defect in the title of Landlord whether or not any such defect in the title of Landlord affects Tenant's rights of quiet enjoyment, and no such defect shall be grounds for a termination of this Lease by Tenant. Tenant's sole remedy to obtain compensation for such an event shall be to pursue its rights against any title insurance company or companies issuing the title insurance policies to Tenant.

ARTICLE 20

TRANSFER BY LANDLORD

SECTION 20.01. Transfer by Landlord. The term "Landlord" as used in this Lease, so far as covenants or obligations on the part of the Landlord are concerned, shall be limited to mean and include only the Landlord named herein, its successors and assigns. In the event of any transfer of Landlord's interest in and to the Premises leased hereby, the Landlord named herein (and in case of any subsequent transfers, the then transferor) shall be automatically freed and relieved, from and after the date of such transfer, of all liability with regard to the performance of any covenants or obligations on the part of Landlord contained in

this Lease thereafter to be performed, provided that any funds in the hands of Landlord (or the then transferor at the time of such transfer) in which Tenant has an interest shall be turned over to the transferee, in trust, for application pursuant to the provisions hereof, and any amount then due and payable to Tenant by Landlord or the then transferor under any provisions of this Lease shall be paid by Tenant.

ARTICLE 21

EVENTS OF DEFAULT; TERMINATION

SECTION 21.01. Events of Default. If any one or more of the following events ("Events of Default") shall occur (regardless of the pendency of any bankruptcy, reorganization, receivership, insolvency or other proceedings, in law, in equity or before any administrative tribunal which has or might have the effect of preventing Tenant from complying with the terms of this Lease):

(a) Tenant shall fail to pay any (i) Holding Rent, Minimum Rent or Additional Rent due to Landlord and such failure continues for four (4) business days after written notice from Landlord, or (ii) any Percentage Rent not in dispute to Landlord and such failure continues for five (5) business days after written notice from Landlord; provided, however, that disputed Percentage Rent shall not be determined to be due under the Lease if the amount thereof is being contested in good faith by Tenant

unless and until there has been a final determination thereof by the audits conducted pursuant to Section 2.08;

(b) Tenant shall fail to commence and proceed with the construction of the Hotel as required by the Disposition Agreement;

(c) Tenant shall fail to complete construction of the Hotel in accordance with the provisions of Section 3.01 hereof;

(d) Any assignment, subletting or Significant Change in violation of this Lease;

(e) The filing by or against Tenant, or by or against any parent or partner of Tenant (such parent or partner to be hereinafter referred to as the "Other Party") of any proceedings under any state or federal insolvency or bankruptcy law, or any comparable law that is now or hereafter may be in effect, whether for liquidation or reorganization, which proceedings if filed against Tenant are not dismissed within sixty (60) days or if with respect to the Other Party, Tenant has not purchased the interest of the Other Party within one hundred twenty (120) days;

(f) The entry of an order for relief against Tenant or any Other Party under any bankruptcy or reorganization case and, with respect to the Other Party, Tenant has not purchased the interest of the Other Party within one hundred twenty (120) days;

(g) The appointment of a receiver, trustee or custodian of all or any part of the property of Tenant or any Other Party, which appointment with respect to Tenant is not dismissed within sixty (60) days and, with respect to the Other Party, Tenant has not purchased the interest of the Other Party, within one hundred twenty (120) days;

(h) The assignment of all or substantially all of the property, if any, of Tenant for the benefit of creditors;

(i) The failure of Tenant to give written notice to Landlord of Tenant's intention to commence proceedings under any state or federal insolvency, bankruptcy or any comparable law that is now or hereafter may be in effect, whether for liquidation or reorganization, at least thirty (30) days prior to the commencement of such proceedings;

(j) A writ of attachment or execution is levied on this Lease which is not released within thirty (30) days;

(k) The Premises are left vacant or unoccupied or are deserted or cease to be used for the conduct of a hotel business for a period of seven (7) days, except for Force Majeure or as otherwise permitted under this Lease;

(l) Tenant shall be in material default under any Operating Sublease or Management Agreement for the management of the Hotel hereunder which has a material adverse effect on such operation and which would justify the termination of the Management Agreement by the Manager and Tenant has not cured such

default or proceeded to cure the same within thirty (30) days after receipt of the Manager's notice thereof, unless such default is waived in writing by the Manager;

(m) Except as provided in Section 44.04 hereof, Tenant shall fail to perform or comply with any other term hereof, such failure shall continue for more than thirty (30) days after notice thereof from Landlord, or if such default cannot reasonably be cured within such thirty (30) day period, Tenant shall not within such period commence with due diligence and dispatch the curing of such default, or having so commenced, shall thereafter fail or neglect to prosecute or complete with diligence and dispatch the curing of such default; then, and in any such event, at any time thereafter while such Event of Default exists, Landlord may exercise all the remedies set forth in Articles 22, 23 and 24 hereof. Tenant shall reimburse Landlord for all costs and expenses incurred by or on behalf of Landlord (including, without limitation, attorneys' fees and expenses) occasioned by any default by Tenant under this Lease.

ARTICLE 22

CURRENT REMEDIES

SECTION 22.01. Current Remedies. If there exists an Event of Default, then:

(a) Landlord shall have the immediate right to re-enter the Premises and terminate Tenant's right to possession of the Premises and in which event Tenant shall promptly surrender possession of the Premises and pay to Landlord all amounts due Landlord hereunder and under any terminated leases to the date of termination and shall pay to Landlord all deposits held by Tenant pursuant to any license, concession or sublease, and Landlord may, but shall have no obligation to, remove all persons and property therefrom. Such property may be removed and stored in a warehouse or elsewhere at the expense and risk of and for the account of Tenant. Should Landlord elect to re-enter as herein provided, or should Landlord terminate Tenant's right to possession pursuant to legal proceedings or to any notice provided for by law, this Lease shall terminate.

(b) Landlord may, at its option, without terminating this Lease, re-enter the Premises and occupy the whole or any part thereof for and on account of Tenant and enforce all of its rights and remedies under this Lease, including the right to recover any rent and all other sums payable hereunder as the same become due hereunder, and to refuse, notwithstanding any other term or provision of this Lease, to permit and to deny the right of Tenant to remove any or all of Tenant's movable furniture, to add fixtures, equipment, improvements or Personal Property located in, on or upon the Premises, and to use and take exclusive possession of same without payment to Tenant or cost to

Landlord for so long as Landlord so occupies the Premises or until this Lease is terminated. Additionally, Landlord shall be entitled to recover from Tenant all costs of maintenance and preservation of the Premises, and all costs, including attorneys' and receivers' fees, incurred in connection with the appointment of and performance by a receiver to protect the Premises and Landlord's interest under this Lease.

(c) Landlord may, even though it re-entered the Premises pursuant to the provisions of subsection (b) above, thereafter elect to terminate this Lease.

(d) In the event Landlord re-enters the Premises pursuant to the provisions of subsection (b) above, Landlord shall not be deemed to have terminated this Lease and the liability of Tenant to pay rent and sums payable hereunder thereafter shall continue unless Landlord notifies Tenant in writing that Landlord has so elected to terminate this Lease. Tenant further acknowledges and agrees that the service by Landlord of any notice pursuant to the unlawful detainer or similar statute of the State of California and the surrender of possession pursuant to such notice shall not be deemed to be a termination of this Lease. Tenant hereby irrevocably appoints Landlord as agent and attorney-in-fact of and for Tenant to so enter upon the Premises in the Event of Default by Tenant hereunder to remove any and all furniture and Personal Property whatsoever situated upon the Premises, and to place such furniture and Personal Property in

storage for the account of and at the expense of Tenant. In the event that Tenant shall not have paid the cost of such storage after ninety (90) days, Landlord may, at its discretion, sell any or all of such furniture and Personal Property at public or private sale in such manner and at such times and places as Landlord in its sole discretion may deem proper, without notice to Tenant or any demand upon Tenant. If Landlord so elects to sell such furniture and Personal Property, Landlord shall apply the proceeds of such sale first, to the cost and expenses of such sale, including reasonable attorneys' fees actually incurred; second, to the payment of the costs of or charges for removing and storing any such furniture and Personal Property; third, to the payment of any other sums of money which may then or thereafter be due to Landlord from Tenant under any of the provisions of this Lease; and fourth, the balance, if any, to Tenant, subject to the rights of any holder of a permitted security interest as provided in Section 3.02 hereof. Tenant hereby waives all claims for damages that may be caused by Landlord's re-entering and taking possession of the Premises or removing and storing furniture and Personal Property as herein provided, and will save Landlord harmless from any losses, costs or damages occasioned thereby; provided, however, that in the case of physical damage to the Hotel, the foregoing shall only apply in the event that re-entry and taking possession is pursuant to judicial process. No such re-entry shall be considered or construed to be a forcible entry

as the same is defined in the Code of Civil Procedure of the State of California.

(e) In the event that for any reason, Tenant ceases to operate or manage the Premises as a first-class hotel then, in addition to all other remedies of Landlord hereunder, the Net Rent may be reestablished, at the option of Landlord, as of the date of such cessation in an amount equal to the fair market Minimum Rent and Percentage Rent for the Premises, determined as set forth in Section 31.02 hereof, but as specified in Section 31.02 at not less than the then existing Minimum Rent and Percentage Rent for the Premises. The provisions of this paragraph shall not modify Section 31.02, affect the times set forth elsewhere in this Lease for re-establishment of Net Rent, or the procedures therefor. Except for matters of appraisal, which shall take place in accordance with Section 31.02, any dispute under this subsection shall be subject to arbitration pursuant to Section 31.01 hereof.

(f) Notwithstanding anything in this Lease to the contrary, an Event of Default which arises because of Tenant's breach of the affirmative action requirements of this Lease shall not result in a termination of this Lease by Landlord, and Landlord's remedies for such a breach shall be as specifically set forth in Exhibit I.



ARTICLE 23

ULTIMATE REMEDIES

SECTION 23.01. Termination. If Tenant's right to possession is terminated by Landlord because of any Event of Default, this Lease shall terminate, but the provision of Section 1951.2 of the California Civil Code with respect to the recovery of rent shall not apply.

SECTION 23.02. Continuation of Subleases and Other Agreements. In case of default by Tenant in the performance of any of the terms, covenants or agreements herein contained on the part of Tenant to be done, observed, kept and performed and the continuance thereof for the period hereinbefore provided for, or if Landlord shall for any reason or cause recover or come into possession of the Premises before the date hereinabove fixed for the expiration of the Term hereof, Landlord shall have the right at its option to take over any and all Subleases of the Premises or any part thereof and all agreements by Tenant for the maintenance thereof or supplies thereof, and at Landlord's option to have and succeed to all the risks and privileges of said Subleases or agreements or such of them as it may elect to take over and assume, and Tenant upon any such default by Tenant or recovery of possession by Landlord hereby expressly assigns and transfers to Landlord such of the Subleases and agreements as said Landlord may elect to take over and assume as may exist and be in force and effect at the time of said default and recovery

of possession and all deposits deposited with Landlord pursuant thereto; and Tenant hereby further expressly covenants that Tenant will, upon request of the Landlord, execute, acknowledge and deliver to Landlord such further instruments as may be necessary or desirable to vest in Landlord the then existing Subleases of said Premises or any part thereof and the agreements then in force, as above specified.

ARTICLE 24

LANDLORD'S EQUITABLE RELIEF

SECTION 24.01. Landlord's Equitable Relief. Except as provided in Article 35 hereof, no expiration or termination of this Lease pursuant to Article 21 or Article 22 hereof or by operation of law or otherwise and no repossession of the Premises or any part thereof pursuant to Article 23 hereof, or otherwise shall relieve Tenant of its liabilities and obligations hereunder, all of which shall survive such expiration, termination or repossession, including, without limitation, the right of Landlord for indemnification for liability, arising prior to termination of this Lease, for personal injuries or property damage, nor shall anything in this Lease be deemed to affect the right of Landlord to equitable relief where such relief is appropriate.

ARTICLE 25

NO WAIVER, ETC. BY LANDLORD OR TENANT

SECTION 25.01. No Waiver, Etc. by Landlord or Tenant. No failure by Landlord or Tenant to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a breach thereof, and no submission by Tenant or acceptance by Landlord of full or partial rent during the continuance of any such breach shall constitute a waiver of any such breach or of any such term. No waiver of any breach shall affect or alter this Lease, which shall continue in full force and effect, or the respective rights of Landlord or Tenant with respect to any other then existing or subsequent breach.

ARTICLE 26

LANDLORD'S REMEDIES, ETC. CUMULATIVE

SECTION 26.01. Landlord's Remedies, Etc. Cumulative. Subject to the provisions of Article 35, each right, power and remedy of Landlord provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Landlord of any one or more of the rights, powers or remedies provided for in this Lease or now or hereafter existing at law or in equity or by

statute or otherwise shall not preclude the simultaneous or later exercise by Landlord of any or all such other rights, powers or remedies.

ARTICLE 27

ACCEPTANCE OF SURRENDER

SECTION 27.01. Acceptance of Surrender. No modification, termination or surrender of this Lease or the Premises or any part thereof or of any interest therein by Tenant shall be valid or effective unless agreed to and accepted in writing by Landlord, and no act by any representative or agent of Landlord, other than such a written agreement and acceptance by Landlord, shall constitute an acceptance thereof.

ARTICLE 28

NO MERGER OF TITLE

SECTION 28.01. No Merger of Title. There shall be no merger of the leasehold estate created by this Lease with the fee estate in the Land by reason of the fact that the same person may own or hold (a) the leasehold estate created by this Lease or any interest in such leasehold estate, and (b) any interest in such fee estate; and no such merger shall occur unless and until all persons having any interest in (i) the leasehold estate created by this Lease, and (ii) the fee estate in the Land shall join in

a written instrument effecting such merger and shall duly record the same.

ARTICLE 29

ESTOPPEL CERTIFICATE BY TENANT

SECTION 29.01. Estoppel Certificate by Tenant. Tenant will execute, acknowledge and deliver to Landlord within ten (10) days after a request a certificate certifying that (a) this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified, and stating the modifications or if not in full force and effect, so stating), (b) the dates, if any, to which any rent and other sums payable hereunder have been paid, and (c) no notice has been received by Tenant of any default which has not been cured, except as to defaults specified in said certificate. Any such certificate may be relied upon by any prospective purchaser or mortgagee of the Land or any part thereof.

ARTICLE 30

ESTOPPEL CERTIFICATE BY LANDLORD

SECTION 30.01. Estoppel Certificate by Landlord. Landlord will execute, acknowledge and deliver to Tenant or any sublessee within ten (10) days after a request, a certificate certifying (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is

in full force and effect as modified, and stating the modifications or if not in full force and effect, so stating), (b) the dates, if any, to which rent and other sums payable hereunder have been paid, and (c) whether or not, to the knowledge of Landlord, there are then existing any defaults under this Lease (and if so, specifying the same). Any such certificate may be relied upon by any prospective transferee, mortgagee, or sublessee of Tenant's interest under this Lease.

ARTICLE 31

ARBITRATION; APPRAISAL

SECTION 31.01. Arbitration. Whenever in this Lease it is provided that a dispute shall be determined by arbitration or if the parties shall otherwise agree to arbitration, the arbitration shall be conducted pursuant to the rules and regulations of the American Arbitration Association.

The obligation of Landlord and Tenant to submit a dispute to arbitration is limited to disputes arising under those Articles of this Lease which specifically provide for arbitration.

In the event of an arbitration over whether any Taking of the Hotel is a Total Taking as defined in Section 13.02, the arbitrators in any such arbitration shall be qualified experts in the field of the operation of first-class urban major sized hotels.



SECTION 31.02. Appraisal. Any appraisal required or permitted hereunder shall be made in the following manner: Not more than thirty (30) days after Landlord and Tenant are unable to agree on the Minimum Rent and Percentage Rent for the Extended Term or after any Partial Taking referred to in Section 13.04(b) Landlord and Tenant shall each appoint one appraiser to determine the Minimum Rent and the Percentage Rent for the Extended Term or the value of the interest of Landlord and Tenant, as applicable, and notice of such appointment shall be given to the other party. If either Party shall fail or refuse so to appoint an appraiser and give notice thereof within such period, the appraiser appointed by the other Party shall within thirty (30) days thereafter individually make such determination. If the Parties have each so appointed an appraiser within such thirty (30)-day period, and the appraisers thus appointed shall be unable to agree on such value within such sixty (60) days, they shall, within fifteen (15) days thereafter, join to appoint a third appraiser and, if they fail so to appoint such third appraiser within such period, the third appraiser shall be appointed by the Presiding Judge of the Superior Court for the County of San Francisco, California. All appraisers appointed hereunder shall be M.A.I. appraisers and all appraisal reports shall be rendered in writing and signed by the appraiser or appraisers making the report. All costs, fees and expenses of the appraisers appointed by each party shall be borne by the



Party appointing such appraiser, and all costs, fees and expenses of the third appraiser, if any, shall be borne equally by Tenant and Landlord.

Within sixty (60) days after the selection of the third appraiser, the majority of the appraisers shall determine the Minimum Rent and the Percentage Rent for the Extended Term or the value of the interest of Landlord and Tenant as applicable. If the majority of the appraisers are unable to so determine the rent or value as set forth above within the stipulated period of time, then, subject to the provisions of the immediately following paragraph, the three (3) appraisals for such determination, calculated as set forth above, shall be added together and their total divided by three; the resulting quotient of each shall be the Minimum Rent and the Percentage Rent for the Extended Term or the value of the interest of Landlord and Tenant, as applicable.

If, however, the low appraisal and/or the high appraisal for such value are/is more than ten percent (10%) lower and/or higher than the middle appraisal, the low and/or the high appraisal shall be disregarded. If only one appraisal is disregarded, the remaining two appraisals shall be added together and their total divided by two; the resulting quotient shall be the Minimum Rent and the Percentage Rent for the Extended Term or the value of Landlord's interest or Tenant's interest, as applicable. If both the low appraisal and the high appraisal are disregarded as stated in this paragraph, the middle appraisal shall

1. The first part of the document is a letter from the President of the United States to the Congress, dated January 3, 1801. It is a very important document, as it contains the President's first message to the Congress, and it is the only one of its kind in the history of the United States.

2. The second part of the document is a letter from the President to the Congress, dated January 3, 1801. It is a very important document, as it contains the President's first message to the Congress, and it is the only one of its kind in the history of the United States.

3. The third part of the document is a letter from the President to the Congress, dated January 3, 1801. It is a very important document, as it contains the President's first message to the Congress, and it is the only one of its kind in the history of the United States.

4. The fourth part of the document is a letter from the President to the Congress, dated January 3, 1801. It is a very important document, as it contains the President's first message to the Congress, and it is the only one of its kind in the history of the United States.

5. The fifth part of the document is a letter from the President to the Congress, dated January 3, 1801. It is a very important document, as it contains the President's first message to the Congress, and it is the only one of its kind in the history of the United States.

6. The sixth part of the document is a letter from the President to the Congress, dated January 3, 1801. It is a very important document, as it contains the President's first message to the Congress, and it is the only one of its kind in the history of the United States.

7. The seventh part of the document is a letter from the President to the Congress, dated January 3, 1801. It is a very important document, as it contains the President's first message to the Congress, and it is the only one of its kind in the history of the United States.

8. The eighth part of the document is a letter from the President to the Congress, dated January 3, 1801. It is a very important document, as it contains the President's first message to the Congress, and it is the only one of its kind in the history of the United States.

9. The ninth part of the document is a letter from the President to the Congress, dated January 3, 1801. It is a very important document, as it contains the President's first message to the Congress, and it is the only one of its kind in the history of the United States.

be the Minimum Rent and the Percentage Rent for the Extended Term or the value of Tenant's interest and Landlord's interest, as applicable.

After the appraisers have made their determination they shall immediately notify the Parties.

ARTICLE 32

END OF LEASE TERM

SECTION 32.01. End of Lease Term. Upon the expiration or other termination of the Term of this Lease, Tenant shall quit and surrender to Landlord the Premises in good order and condition, ordinary wear and tear excepted. Tenant hereby agrees to execute all documents as Landlord may deem necessary to evidence any such other termination. Any holding over by Tenant after the expiration or termination of this Lease shall not constitute renewal hereof or give Tenant any rights hereunder or in the Premises, except with the prior written consent of Landlord, and Tenant shall be a Tenant at sufferance hereunder.

ARTICLE 33

PROVISIONS SUBJECT TO APPLICABLE LAW

SECTION 33.01. Provisions Subject to Applicable Law.

All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be limited to the extent



necessary so that they will not render this Lease invalid, unenforceable or not entitled to be recorded under any applicable law.

ARTICLE 34

SUBORDINATION TO REA

SECTION 34.01. Subordination to REA. Tenant agrees upon recordation of the REA to subordinate this Lease to the REA and any amendments thereto and to execute any documents Landlord reasonably requests Tenant to execute in connection with such subordination; provided, however, (i) if any obligations imposed upon Tenant hereunder are greater than the obligations imposed under the REA, Tenant shall be obligated to perform the obligations set forth hereunder and (ii) to the extent that the provisions of Section 10.05 or Article 41 hereof conflict with the provisions of the REA, the provisions of this Lease shall prevail. Tenant hereby agrees to perform its obligations under the REA.

ARTICLE 35

LIMITED RECOURSE RESPECTING TENANT

SECTION 35.01. Limited Recourse. Notwithstanding any provision in this Lease to the contrary, and notwithstanding an Event of Default by Tenant hereunder, Landlord will not seek a money judgment or any other personal liability against or



specific performance by Tenant, or its partners, or any officer, shareholder, employee or representative of the foregoing, and Landlord's sole remedy shall be to terminate this Lease, except:

(a) Prior to the completion of construction of the Hotel as Certified by Landlord, Landlord may recover from Tenant damages for any breach hereof, provided that (i) other than the exceptions set forth in subdivision (ii) hereof, such recovery shall be limited solely to the assets owned by Tenant and shall not extend to any assets owned by any partner of Tenant and/or to the assets of any Mortgagee or such Mortgagee's successors or assigns, including a purchaser at a foreclosure sale or similar event who succeeds to the position of Tenant hereunder as a result of a foreclosure or deed in lieu thereof arising from a default by Tenant under such Mortgage, and (ii) the limitation provided in subdivision (i) hereof shall not apply for the period in which Tenant is in possession of the Premises to payment or reimbursement to Landlord in the respective amounts thereof for unpaid Holding Rent and Minimum Rent, Impositions and insurance premiums paid by Landlord which Tenant failed to pay in violation of this Lease, misapplied proceeds in violation of this Lease from insurance recoveries and condemnation awards or settlements in lieu of awards, amounts collectible by Landlord under the provisions of Exhibit I hereof, and the costs to Landlord, including reasonable attorneys' fees, to collect any of the matters set forth in this subdivision (ii).

(b) Subsequent to the completion of construction of the Hotel as Certified by Landlord, Landlord may recover from Tenant [without the limitation set forth in subdivision (i) of paragraph (a) above] for the period in which Tenant is in possession of the Premises (i) the portion of any sums paid to Tenant by the Manager which Tenant is required to pay to Landlord as Net Rent but which Tenant did not pay, (ii) reimbursement for any insurance premiums which Tenant failed to pay in violation of this Lease and which Landlord paid, (iii) any proceeds from insurance recoveries and condemnation awards of settlements in lieu of awards which Tenant has misapplied in violation of this Lease, (iv) any fines collectible by Landlord under the provisions of paragraph D2(b) of Exhibit I hereof, (v) Tenant's obligation to reimburse Landlord pursuant to Section 10.05(b) and to raze the Hotel pursuant to Section 12.03, and (vi) the costs to Landlord, including reasonable attorneys' fees, to collect any of the matters set forth in this paragraph (b).

SECTION 35.02. Conflict with Other Provisions. It is the intention of Landlord and Tenant that Section 35.01 shall govern over every other provision of this Lease with respect to the liability of Tenant and partners in Tenant to Landlord and that the absence of any reference to Section 35.01 of the Lease shall not limit the application of the provisions of Section 35.01, notwithstanding any other references to Section 35.01 elsewhere in this Lease.

ARTICLE 36

NOTICES

SECTION 36.01. Notices. All notices, demands, consents, and requests referred to in or required by this Lease which may or are to be given by any party to the other shall be in writing. All notices, demands, consents and requests to Tenant shall be deemed to have been properly given if served personally on Tenant, or if by United States registered or certified mail, return receipt requested, postage prepaid, addressed to Tenant at 182 Second Street, San Francisco, California, with a copy to Tenant at the Premises, with copies to Marriott Corporation, 10400 Fernwood Road, Bethesda, Maryland 20058, Attention: Law Department, and to Olympia & York California Equities Corp., 400 South Hope Street, Suite 720, Los Angeles, California 90072-2808 and a copy to any Mortgagee at the address furnished to Landlord in writing, or at such other place or places as Tenant may from time to time designate by written notice to Landlord (not exceeding two at one time). All notices, demands, consents and requests to Landlord shall be deemed to have been properly given if served personally on Landlord, or if sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed to Landlord at 939 Ellis Street, San Francisco, California 94109, Attention: Executive Director, and with a copy marked Attention: General Counsel, or at such place

or places as Landlord may from time to time designate by written notice to Tenant (not exceeding two at one time). Notices, demands, consents and requests which are served by certified mail or registered mail upon Landlord by Tenant in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder if the same shall be mailed by United States registered or certified mail as aforesaid in any post office or branch post office regularly maintained by the United States Government within the continental limits of the United States and are deemed given at the time indicated on the return receipt form or, if refused, at the time delivery first was tendered.

ARTICLE 37

INVALIDITY OF PARTICULAR PROVISIONS; FORCE MAJEURE

SECTION 37.01. Invalidity of Particular Provisions. If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

SECTION 37.02. Force Majeure. Delay Due to Force Majeure. For all purposes of this Lease except with respect to

Tenant as to matters within the scope of Section 3.01 hereof, a Party whose performance of its obligations hereunder is subject to enforced delay due to Force Majeure (as that term is defined in this Lease) shall not be considered in breach of or in default of its obligations hereunder in the event of and during the period of such enforced delay; provided that the Party seeking to extend time for performance shall give notice of the claim of extension to the other Party within thirty (30) days after the commencement of the cause of the delay. (The provisions for excused delay of Tenant's performance for Force Majeure for matters within the scope of Section 3.01 are set forth in Section 3.01.)

ARTICLE 38

COVENANTS TO BIND AND BENEFIT RESPECTIVE PARTIES

SECTION 38.01. Covenants to Bind and Benefit Respective Parties. It is further covenanted and agreed by and between the Parties that the covenants and agreements herein contained shall run with the Land and shall bind and inure to the benefit of Landlord and Tenant, and to their respective successors and assigns. This Lease and rights of Parties hereunder shall be governed by the laws of the State of California.

ARTICLE 39

RIGHT OF FIRST NEGOTIATION

SECTION 39.01. Right of First Negotiation. Landlord agrees that if Landlord desires to sell the Land to any person or party other than the City and County of San Francisco ("City"), Landlord shall negotiate in good faith first with Tenant for the sale of the Land to Tenant on terms and conditions satisfactory to both Parties. If Landlord negotiates in good faith with Tenant, but Landlord and Tenant cannot agree upon terms and conditions satisfactory to both within sixty (60) days of commencement of such negotiations, Landlord may sell the Land to any other person or party without negotiating further with Tenant. If Landlord desires to sell the Land to the City, Landlord shall be under no obligation to negotiate with Tenant first, however.

ARTICLE 40

NO RECOURSE TO LANDLORD

SECTION 40.01. No Recourse. Tenant agrees that it shall have no recourse with respect to any obligation of Landlord under this Lease, or for any claim based upon this Lease, or otherwise, against Landlord or any incorporator, shareholder, officer, director, employee, representative, or attorney, past, present or future, of Landlord, except only to the extent of the value of Landlord's interest in the Premises, whether by virtue of any constitution, statute, rule of law, rule of equity, enforcement

of any assessment as penalty, or by reason of any matter prior to the execution and delivery of this Lease, or otherwise, all such liability, by Tenant's execution and delivery hereof and as part of the consideration for Landlord's obligations hereunder being expressly waived.

ARTICLE 41

EASEMENTS

SECTION 41.01. Reservation of Landlord's Easements.

(a) Landlord reserves for itself, its successors and assigns, the following easements appurtenant to the Site subject to the provisions, conditions and limitations of this Lease and specifically, but not by way of limitation, the provisions of this Article 41:

(i) a nonexclusive easement in the CB-2 Hotel Site and that portion of the subterranean parcel in the CB-1 Hotel Site described in Exhibit B-1 attached hereto for (x) the right of support required for Landlord's Improvements constructed in accordance with the Basic Concept Drawings and the Scope of Development applicable thereto or adequate to sustain a load in excess of 200 pounds per square foot, whichever is greater and (y) the right to use and maintain the Support Facilities in conjunction with the use and maintenance of Landlord's Improvements, together with the right of access to erect, maintain, repair and renew such Support Facilities and Landlord's Improvements; and

(ii) the exclusive right to use of the top of the slab constituting the ceiling of the top level of the Hotel on the CB-2 Hotel Site and of that portion of the subterranean parcel in the CB-1 Hotel Site described in Exhibit B-1 attached hereto which use right shall consist of the right to (x) join and obtain load bearing support from said slabs and the right to use the slab as a floor, (y) use said slabs for all necessary access to and across said slabs for the inspection, maintenance, repair and replacement of Landlord's Improvements, and (z) strengthen or reconstruct such slabs or any portion of such slabs in the event Landlord erects, in addition to or in substitution for Landlord's Improvements, structures requiring greater load bearing support than is to be borne by said slab as necessary for Landlord's Improvements.

(iii) (y) The exclusive right to use that portion of the CB-1 Hotel Site designated by letter (C) on Sheet 3 and that portion of the CB-2 Hotel Site designated as letter (E) on Sheet 1 of Exhibit K hereto for a bridge landing structure, together with the right of support of said structure as built in accordance with the Scope of Development, the exact location within the designated areas and the design of which shall be subject to the reasonable approval of Tenant and (z) the reasonable right of access to and from such structure for the construction, repair, maintenance and operation of the same; and

any dispute under this provision of this subdivision (iii) shall be determined by arbitration.

(iv) The exclusive right to attachment and support along the eastern line of the CB-1 Hotel Site as indicated by letter (D) on Sheet 3 of Exhibit K hereto of a building either as designed in accordance with Article IV of the Disposition Agreement or of a design reasonably acceptable to Tenant if the right of YBG Associates to build Phase 2 under the Disposition Agreement lapses or terminates, such attachment to be in a manner and at locations reasonably acceptable to Tenant.

(v) The exclusive right to attach to and for support from the eastern exterior wall of the Hotel in the CB-1 Hotel Site of one upper level floor as designated by letter (C) on Sheet 5 of Exhibit K hereto if such floor either is designed in accordance with Article IV of the Disposition Agreement or is of a design reasonably acceptable to Tenant if the right of YBG Associates to build Phase 2 under the Disposition Agreement lapses or terminates, and such attachment to be in a manner and at locations reasonably acceptable to Tenant.

(vi) The nonexclusive right of pedestrian ingress and egress on and over that portion of the CB-1 Hotel Site identified as Common Area and identified by letter (C) on Sheet 4 of Exhibit K hereto to and from Market Street and the CB-1 Retail Parcels as described in the Disposition Agreement, which right is subject to reasonable regulations by Tenant.

(b) Landlord agrees that in the exercise of its rights under this Section it shall use its best efforts to coordinate its use thereof and construction and repair scheduling in a manner and in a time frame that will minimize any interruption of the orderly and efficient operation of the Hotel. Accordingly, in all events, the exercise of Landlord's rights reserved pursuant to this Section 41.01 and Section 41.03 hereof shall be subject to the following:

(i) Before entering any portion of the Premises for the purpose of performing work pursuant to this Section 41.01, Landlord shall give Tenant reasonable written notice of its intent to do so, which notice shall specify the proposed nature, extent, location and duration of any work to be performed. With respect to work on CB-1, ninety (90) days prior written notice shall be deemed reasonable. With respect to work on CB-2, so long as such work does not require increasing the capacity of the Support Facilities and ballroom slab to sustain a load in excess of the greater of 200 pounds per square foot or for Landlord's Improvements as built in accordance with the Basic Concept Drawings applicable thereto and the Scope of Development, and does not require any cessation of any Hotel operations, ninety (90) days' prior written notice shall be deemed to be reasonable. If such work can reasonably be expected to require cessation of Hotel operations on the CB-2 Hotel Site, three (3) years' prior written notice shall be deemed to be reasonable. If

such work involved is of an emergency nature, only such advance notice, written or oral, as is reasonably practicable need be given.

(ii) Landlord shall submit to Tenant, reasonably prior to the date Landlord plans to commence such work, copies of plans and specifications relating to work to be performed on the Premises, prepared by an architect licensed in California and containing such detail as Tenant may reasonably require. If Tenant reasonably disapproves such plans and specifications, Tenant shall, within thirty (30) days after receipt thereof, so notify Landlord, specifying in reasonable detail Tenant's objections to such plans and specifications and what corrections, additions or modifications must be made thereto before Tenant will approve the same. Any dispute under this subdivision (ii) shall be arbitrated.

(iii) Landlord shall, in the performance of such work, comply with the plans and specifications as approved by Tenant and any change orders so reasonably approved. Any dispute under this subdivision (iii) shall be arbitrated.

(iv) No use by Landlord of its easements reserved herein, including without limitation work performed by Landlord, shall cause (x) any unreasonable interruption of or unreasonable interference with any construction by Tenant being conducted on the Site or with the business or other activities or uses conducted by Tenant, (y) any unreasonable or material

interruption of any utility, access or other services provided to the Hotel or (z) impair the structural or architectural integrity of the Building.

(v) Landlord shall promptly (y) restore that portion of the Hotel and any facilities thereon used (whether or not such facilities are Support Facilities) in or otherwise affected by Landlord's work to the same or as good condition as existed immediately before such work was begun, and (z) leave such affected area and/or facilities free and clear of all loose dirt, debris and construction materials.

(vi) Landlord shall insure any construction being performed by it on the Premises, naming Tenant as an additional insured, with the forms, types and amounts of insurance coverages which Tenant is obligated to carry pursuant to Section 6.01 hereof.

(vii) Landlord's Improvements which are located on the Premises shall be constructed in a good and workmanlike manner and in compliance with all laws, ordinances, orders, rules, regulations and requirements of all federal, state, county and municipal governments and the appropriate departments, commissions, boards and officers thereof and shall be in accordance with any of the orders, rules and regulations of the National Board of Fire Underwriters or any other body now or hereafter constituted performing such functions.

(viii) Without limitation to any of the other terms or provisions hereto in performing any work in conjunction with Landlord's Improvements, Landlord shall (y) at all times take any and all safety measures reasonably required to protect the persons, property, agents, employees, guests and invitees at the Hotel from accidental death, injury or damage caused by or resulting from the performance of any such work and (z) indemnify, hold harmless and defend Tenant against all claims, demands, suits, costs, expenses and liabilities (including court costs and reasonable attorneys' fees) arising from or in respect of the death, accidental injury, loss or damage caused to any natural person or other property of any person as shall occur by virtue of the performance of any work by Landlord pursuant to this Section, except when caused by the active negligence or wilful misconduct of Tenant, its subtenants, subcontractors, contractors, agents or employees.

(ix) Landlord shall pay, discharge and remove (including removal by bonding if requested by Tenant) any materialmen's, mechanics' or other liens which are filed against the Premises or any part thereof or any of Tenant's interest therein in connection with the initial construction, alterations, changes, improvements, additions or other work performed or any materials supplied in connection with Landlord's Improvements or any work of Landlord relating to the Support Facilities, and Landlord shall protect, defend, indemnify and hold Tenant

harmless from and against any and all claims, liabilities, penalties, interest, loss, costs, damages and expenses (including court costs and attorneys' fees) arising out of any such liens, claims of lien or any other claims for work or labor performed, or claimed to have been performed, or for materials furnished, or claimed to have been furnished, to or at the direction of Landlord.

(x) In the event of any damage or destruction, whether insured or uninsured, to Landlord's Improvements or any part thereof, which are located on the Premises, Landlord shall with all due diligence either (x) restore, repair or rebuild Landlord's Improvements in accordance with the standards of this Section, or (y) raze the same, leaving the area in a safe and presentable condition, and all insurance proceeds paid by reason of damage to or destruction of Landlord's Improvements shall be made available therefor.

(xi) Except with respect to emergencies, Landlord shall not have the right to exercise its rights hereunder if to do so would cause a closing of any of the Hotel facilities during a time period when such Hotel facilities are being used or scheduled to be used in conjunction with guest-related functions and activities unless Landlord agrees to reimburse Tenant for any loss of income or increase in operating expenses which Tenant sustains as a result of any such closing. If Landlord and Tenant are unable to agree with respect to the amount Tenant is to be

reimbursed under this Section 41.01, the matter shall be determined in an arbitration conducted pursuant to Section 31.01.

SECTION 41.02. Special Hotel Easements.

(a) It is necessary for the orderly, efficient and economical operation of the Hotel for the Premises to be benefited or burdened by certain easements as provided in this Section on, over or under or for the benefit of portions of the Site not constituting the Land (as said portions are more particularly located on Exhibit K hereto) as the case may be. Said easements are set forth in this Section.

(b) Landlord hereby grants to Tenant, its successors and assigns, for the Term of this Lease, the easements set forth in this Section 41.02. Unless otherwise stated, each easement shall be for the exclusive use of Tenant, its successors and assigns and their agents, employees, guests and invitees. Each easement shall be appurtenant to the Premises, and each and every part thereof, shall be a burden upon the real property on, over or under which said easement lies, and shall run with the land. The easements granted in this Section 41.02 shall become effective and remain in effect throughout the Term whether or not the REA is recorded or otherwise becomes effective and are in addition to easements granted to Tenant elsewhere in this Lease and in the REA. Any dispute arising under this Section 41.02, except a dispute relating to any matter which is subject to the provisions of Article IV of the Disposition Agreement, shall be

determined by an arbitration under the provisions of this Lease.

(c) The easements herein granted to Tenant are the following easements:

(i) all of the right, title and interest of Landlord in and to that certain easement for light and air as granted, created and set forth in that certain Agreement dated October 20, 1905, and recorded June 19, 1908, in Book 13 of Covenants at page 120, of the Official Records of the City and County of San Francisco, State of California, and indicated by letter (D) on Sheet 5 of Exhibit K hereto, except that said easement may not be amended or terminated while this Lease is in effect without the consent of both Landlord and Tenant;

(ii) to use the areas identified on Sheets 3, 4 and 5 of Exhibit K hereto, as Retail areas for ingress and egress to and from the CB-1 Hotel Site in order to perform work in such manner and to such extent as may be reasonably necessary in connection with the construction, maintenance, operation, repair, rebuilding and replacement, of the Hotel and to maintain said areas when unimproved in a safe and clean condition;

(iii) To use that certain strip of land (sometimes 35 feet in width and sometimes 25 feet in width) running from Market Street to Mission Street and identified by letter (E) on Sheet 4 of Exhibit K hereto (and referred to herein as the "Easement Area") as follows:

(A) (y) for light and air on and over

the Easement Area indicated by letter (C) [but excluding that portion of the Easement Area indicated by the letter (E)] on Sheet 5 of Exhibit K hereto starting at grade and vertical to infinity, and (z) on and over that portion of the Easement Area indicated by letter (E) on Sheet 5 of Exhibit K hereto starting at a level of 120 feet above grade and vertical to infinity, reserving, however, to Landlord in the Easement Area (1) the right to enter into the Easement Area for the purposes of placing improvements therein, such as and by way of illustration only, landscaping, fountains, tables and chairs, stairways and escalators, subject to reasonable approval by Tenant to assure aesthetic and functional compatibility with the Hotel, including the right to maintain all of the same, and (2) the right to construct and maintain the upper level floor referred to in Section 41.01(a)(v) hereof; and

(B) for limited light and air on and over that portion of the Easement Area identified by letter (E) on Sheet 5 of Exhibit K hereto between grade and 120 feet above grade as follows: so that any walls, roofs and ceilings on or within said Parcel within said portion must be of such transparent material and otherwise be constructed as to provide the windows of the Hotel facing the Easement Area natural lighting from the sky principally through transparent glass and a generally unobstructed view across and through any structure to the sky for the entire width of the Easement Area provided, however, that if required by law such walls, roofs and ceilings may be wired for

safety and tinted for energy conservation; reserving, however, to Landlord the same rights reserved to Landlord in subparagraph (A) immediately above, subject to the same limitations, and

(C) for pedestrian access, ingress and egress along a strip ten feet in width running in a north-and-south direction through the entire Easement Area as may from time to time be located by Landlord so long as said easement provides such access, ingress and egress at the points marked "(I)" on Sheet 4 of Exhibit K hereto and at Mission Street; provided, however, that during such hours that any building on the portion of the Easement Area identified by letter (E) on Sheet 5 of Exhibit K hereto is closed to the public and said easement runs through said building, said easement will be closed within said portion, and

(D) for access, ingress and egress within the easement strip referred to in subparagraph (C) above, (except within the portion of the Easement Area identified by letter (E) on Sheet 5 of Exhibit K hereto) for pedestrian and other means as may be reasonable under the circumstances for the purpose of transporting Hotel guests and their luggage and, occasionally, Hotel employees, and equipment and supplies for use by the Hotel to and from the Hotel, and

(E) for access, ingress and egress on and over the Easement Area to and from the Premises to perform work on the inside and exterior of Premises in such manner and to such extent as may be reasonably necessary in connection with the

construction, maintenance, operation, repair, rebuilding and replacement of the Hotel and to carry out the construction and maintenance obligation of the Tenant for landscaping and incidental structures as provided below in this subparagraph (E); provided, further, that Tenant shall construct landscaping and incidental structures of a permanent nature on the Easement Area as determined in accordance with the provisions of Article IV of the Disposition Agreement and the Scope of Development and shall thereafter throughout the Term (except with respect to the portion of the Easement Area identified by letter (F) on said Sheet when there are other improvements thereon) maintain such landscaping and incidental structures in the same manner that Tenant is required to maintain the Premises under this Lease, and

(F) to encroach upon the Easement Area for walls, footings, supports and foundations of the Hotel to an extent of not more than five (5) feet below the surface and two (2) feet on or above the surface.

(iv) As indicated by letters (A) and (G) on Sheet 1 and by letters (A) and (G) on Sheet 2 of Exhibit K hereto the placement and use of stairways and elevators within the CB-2 Retail and ARE Parcels and along the eastern and western perimeters of the CB-2 Hotel Site and the right of pedestrian ingress and egress along said perimeters onto Fourth Street and on and across the CB-2 Gardens, ARE and Retail Parcels as identified on said Sheets together with additional access reasonably necessary

for the installation, use, inspection, maintenance, repair, alteration, reconstruction, and replacement of any such stairways and elevators through and on said area, said stairways and elevators and access to be available for both emergency and ordinary use, provided, that the design and specific location of such stairways and elevators shall be determined in accordance with Article IV of the Disposition Agreement.

(v) (y) to the extent required, if at all, by the placement of Utilities Facilities (as hereinafter defined to) along the western and northern perimeters of the CB-2 Hotel Site, to use the CB-2 Retail and Gardens Parcels along said perimeters as referred to in letter (C) on Sheet 2 of Exhibit K for the purpose of installing therein and thereon laterally and vertically pipes, lines, wires, mains, ducts, air shafts, conduits, vents and other related equipment and facilities for utility service (herein collectively referred to as "Utilities Facilities") necessary to operate the Hotel on the CB-2 Hotel Site, the exact locations (including width, height and depth) of the Utilities Facilities, except when recorded public utilities easements, to be determined in accordance with the procedure set forth in Article IV of the Disposition Agreement, and which locations shall be specifically fixed by a recorded document (whose cost of surveying, preparation and recording shall be borne by Tenant) executed and acknowledged by Landlord and Tenant and

recorded when the Hotel is Certified by Landlord and (z) to have all necessary access to said Parcel for inspection, maintenance, repair, alteration, reconstruction, replacement and use of the Utilities Facilities; provided, that if any structures placed upon the Parcels which are subject to this easement interfere with any Utilities Facilities, Tenant shall, at its own expense, relocate, construct and maintain, as applicable, said Utilities Facilities within such structure at locations reasonably determined by Landlord and Landlord hereby grants Tenant an easement to the degree reasonably necessary to do so.

(vi) (y) For so long as there is no Phase 2, to use the western perimeter of the CB-2 Hotel Site in Phase 1 at the location indicated by letter (H) on Sheet 1 of Exhibit K for the exclusive use of the vehicular ramp to and from the CB-2 Hotel Site which shall be designed and constructed in accordance with the procedure set forth in Article IV of the Disposition Agreement, and (z) to have all necessary access to said ramp area for inspection, maintenance, repair, alteration, reconstruction, replacement and use of said ramp. At such time as Phase 2 as described in the Disposition Agreement is constructed, this easement shall terminate;

(vii) In the event of the exercise by Landlord of the easement reserved in Section 41.01(a)(v) hereof, the right of pedestrian access to and from the Hotel to the upper level floor referred to therein at such locations as Landlord

shall reasonably select, and the right of pedestrian use along said floor except during such hours that it is closed to use by members of the public.

(d) Tenant agrees that in the exercise of its easements under this Section it shall use its best efforts to coordinate its use thereof and its construction and repair scheduling in a manner and in a time frame that will minimize any interruption of the orderly and efficient operation of the Site. Accordingly, in all events, the exercise of Tenant's easements pursuant to this Section 41.02 and Section 41.03 hereof shall be subject to the following:

(i) Before entering any portion of the Site for the purposes of performing work pursuant to this Section 41.02, Tenant shall give Landlord reasonable written notice of its intent to do so, which notice shall specify the proposed nature, extent, location and duration of any work to be performed. If such work involved is of an emergency nature, only such advance notice, written or oral, as is reasonably practicable need be given.

(ii) Where it is hereinabove provided that the design and construction of an easement facility must comply with the provisions of Article IV of the Disposition Agreement, any alterations, additions or other changes thereof must comply with the following:

(y) Tenant shall submit to Landlord, reasonably prior to the date Tenant plans to commence such work, copies of plans and specifications relating to work to be performed on the Premises, prepared by an architect licensed in California and containing such detail as Landlord may reasonably require. If Landlord reasonably disapproves such plans and specifications, Landlord shall, within thirty (30) days after receipt thereof, so notify Tenant, specifying in reasonable detail Landlord's objections to such plans and specifications and what corrections, additions or modifications must be made thereto before Landlord will approve the same. Any dispute under this subparagraph (ii) shall be arbitrated.

(z) Tenant shall, in the performance of such work, comply with the plans and specifications as approved by Landlord and any change orders so reasonably approved. Any dispute under this subdivision shall be arbitrated.

(iii) No use by Tenant of its easements granted herein, including without limitation work performed by Tenant, shall cause (x) any unreasonable interruption of or unreasonable interference with any construction by Landlord being conducted on the Site or with the business or other activities or uses conducted by Landlord (y) any unreasonable or material interruption of any utility, access or other services provided to the Site, or (z) impair the structural or architectural integrity of the Retail Shells.

(iv) Tenant shall promptly (y) restore that portion of the Site and any facilities thereon used (whether or not such facilities are Support Facilities) in or otherwise affected by Tenant's work to the same or as good condition as existed immediately before such work was begun and (z) leave such affected area and/or facilities free and clear of all loose dirt, debris and construction materials.

(v) Tenant shall insure any construction being performed by it on the Site, naming Landlord as an additional insured, with the forms, types and amounts of insurance coverages which Tenant is obligated to carry pursuant to Section 6.01 hereof.

(vi) Tenant's Improvements which are located on the Site shall be constructed in a good and workmanlike manner and in compliance with all laws, ordinances, orders, rules, regulations and requirements of all federal, state, county and municipal governments and the appropriate departments, commissions, boards and officers thereof and shall be in accordance with any of the orders, rules and regulations of the National Board of Fire Underwriters or any other body now or hereafter constituted performing such functions.

(vii) Without limitation to any of the other terms or provisions hereto in performing Tenant's work hereunder, Tenant shall (y) at all times take any and all safety measures reasonably required to protect the persons, property,

agents, employees, guests and invitees at the Site from accidental death, injury or damage caused by or resulting from the performance of any such work and (z) indemnify, hold harmless and defend Landlord against all claims, demands, suits, costs, expenses and liabilities (including court costs and reasonable attorneys' fees) arising from or in respect of the death, accidental injury, loss or damage caused to any natural person or other property of any person as shall occur by virtue of the performance of any work by Tenant pursuant to this Section, except when caused by the active negligence or willful misconduct of Landlord, its subcontractors, contractors, agents or employees.

(viii) Tenant shall pay, discharge and remove (including removal by bonding if requested by Landlord) any materialmen's, mechanics' or other liens which are filed against the Premises or any part thereof or any of Landlord's interest therein in connection with the initial construction, alterations, changes, improvements, additions or other work performed or any materials supplied in connection with Tenant's work under this Section, and Tenant shall protect, defend, indemnify and hold Landlord harmless from and against any and all claims, liabilities, penalties, interest, loss, costs damages and expenses (including court costs and attorneys' fees) arising out of any such liens, claims of lien or any other claims for work or labor performed, or claimed to have been performed, or for materials

furnished, or claimed to have been furnished, to or at the direction of Tenant.

(ix) In the event of any damage or destruction, whether insured or uninsured, to Tenant's Improvements or any part thereof, which are located on the Site, Tenant shall with all due diligence either (y) restore, repair or rebuild the same, or (z) raze the same, leaving the area in a safe and presentable condition in accordance with the provisions of Article 12 hereof, and all insurance proceeds paid by reason of damage to or destruction of Tenant's Improvements shall be made available therefor.

(x) Except with respect to emergencies, Tenant shall not have the right to exercise its rights hereunder if to do so would physically cause a closing of any business being conducted on the Site unless Tenant agrees to reimburse Landlord for any loss of income or increase in operating expenses which Landlord sustains as a result of any such closing. If Landlord and Tenant are unable to agree with respect to the amount Tenant is to be reimbursed under this Section 41.02, the matter shall be determined in an arbitration conducted pursuant to Section 31.01.

SECTION 41.03. Retail Parcels, Joint Management Areas and Easements. There are to be located within the envelope of the Building, but not as a part of the Premises, certain areas for anticipated retail use identified as such on Sheets 3, 4 and 5 of Exhibit K hereto (the "Retail Parcels"). As part of the

construction of the Hotel, Tenant shall construct the shells ("Retail Shells") for the Retail Parcels in accordance with the Final Construction Documents described in the Scope of Development attached to the Disposition Agreement. The purpose of this Section 41.03 is to set forth certain rights and obligations of Landlord and Tenant with respect to the Premises and the Retail Parcels. To the extent that there are any conflicts between the provisions of the REA and this Section 41.03, the provisions of this Section 41.03 shall control.

SECTION 41.03.1 Grant of Easements for Benefit of Retail Parcels. Tenant hereby grants to Landlord for the benefit of the Retail Parcels and each Parcel therein, subject to the terms and conditions of Section 41.01(b) hereof and this Section 41.03, easements appurtenant to the Retail Parcels and a burden upon and within the Premises, as follows:

(i) A nonexclusive easement for horizontal and vertical support of the Retail Parcels through the Supports of the Building (including an easement to strengthen or reconstruct the Supports and to construct additional Supports within the Retail Parcels) at the sole expense of Landlord, if Landlord shall desire to erect improvements within the Retail Parcels or any portion thereof requiring greater load-bearing support than the Supports are capable of bearing under the plans and specifications for initial construction as approved under the provisions of Article IV of the Disposition Agreement; provided that the

Supports shall not be increased in size or otherwise modified to such an extent as would materially interfere with the operation of the Premises, or in any way impair its structural or architectural integrity. Landlord shall reimburse Tenant for any reasonable costs or loss of income incurred by reason of the temporary interference with the operations of Tenant during the period in which the Supports are undergoing such modification.

(ii) A non-exclusive right of access to the Retail Parcels across the sidewalks, plazas and portions of the Premises located outside the Building as may exist from time to time for pedestrian ingress and egress and the right to utilize all corridors, stairways, fire escapes and other passageways in the Premises for emergency ingress and egress.

(iii) A nonexclusive easement through the Premises and every part thereof for the performance of the operation, maintenance, repair and security of the Joint Management Areas if Tenant fails to perform such functions upon reasonable prior written notice to Tenant except in case of emergency.

(iv) A nonexclusive easement to utilize and obtain the benefits of any of the Building's life safety systems, mechanical, electrical and security systems and utility systems.

(v) A nonexclusive easement for ingress to and egress from service areas located in the basement loading dock for use by delivery and service vehicles for delivery of furniture, fixtures, supplies, inventory and other personal

property or in connection with the performance of services for, or the operation, maintenance, repair or development with respect to, the Retail Parcels or deliveries in connection with the normal use or the operation of the Retail Parcels. This easement refers to and is limited to those ramps, driveways, roadways, vehicular elevators, loading docks and interior vehicle areas identified as Note (A) on Sheets 3, 4 and 5 of Exhibit K attached hereto.

(vi) A nonexclusive easement for emergency use only for the opening into the Premises of doors and other exits from portions of the Retail Parcels as may exist from time to time, subject to reasonable control by Tenant.

(vii) A nonexclusive easement to maintain Minor Encroachments of portions of the Retail Parcels onto the Premises due to engineering errors, errors in original construction, reconstruction, repair, settlement or shifting or movement of the Building or any other similar cause.

(viii) A nonexclusive easement for the installation and reasonable relocation of any necessary Utilities Facilities exclusively required or appropriate to service the Retail Parcels. Landlord shall reimburse Tenant for any reasonable costs or loss of income incurred by reason of any temporary interference with the operations of Tenant during the period in which Landlord is performing such installation or relocation.

(ix) A nonexclusive easement for maintenance and operation of mechanical and elevator equipment exclusively serving the Retail Parcels in those portions, if any, of the Premises where such equipment is located and to which an easement has not otherwise been granted pursuant to the provisions of this Section 41.03.02, subject to the conditions and restrictions of the immediately preceding subparagraph.

(x) An easement to utilize, improve, finish, refinish, paint and otherwise cover, and install fixtures, furnishings and ornamentation on, the surface of any walls or partitions comprising the Premises which face into or enclose the Retail Parcels or any portion thereof.

SECTION 41.03.02. Grant of Easements for Benefit of Premises. Landlord hereby grants to Tenant for the benefit of the Premises, subject to the other terms and conditions of this Agreement, easements appurtenant to the Premises and a burden upon and within the Retail Parcels, as follows:

(i) A nonexclusive easement for horizontal and vertical support of the Premises, and every part thereof, through the Supports of the Retail Parcels (including an easement to strengthen or reconstruct the Supports and to construct additional Supports within the Retail Parcels) at the sole expense of Tenant, if Tenant shall desire to erect structures within the Premises or any portion thereof requiring greater load-bearing support than the Supports are capable of bearing under the plans

and specifications for initial construction as approved under the provisions of Article IV of the Disposition Agreement; provided that the Supports shall not be increased in size or otherwise modified to such an extent as would materially interfere with the operation of the Retail Parcels, or in any way impair its structural or architectural integrity. Tenant shall reimburse Landlord for any reasonable costs or loss of income incurred by reason of the temporary interference with the operations of Landlord during the period in which the Supports are undergoing such modification.

(ii) A nonexclusive easement to utilize corridors, stairways, fire escapes, roof areas and other passageways in the Retail Parcels for emergency ingress and egress.

(iii) A nonexclusive easement through the Retail Parcels and every part thereof, for use by the Tenant in the performance of the operation, maintenance, repair and security of the Joint Management Areas and the performance of the other obligations of the Tenant under this Lease.

(iv) A nonexclusive easement to utilize and obtain the benefits of the life safety system, security system and utility system used by the Retail Parcels.

(v) A nonexclusive easement for emergency purposes only for the opening into the Retail Parcels of doors and other exits from portions of the Premises as may exist from time to time, subject to reasonable control by Landlord.

(vi) A nonexclusive easement to maintain Minor Encroachments of portions of the Premises onto the Retail Parcels due to engineering errors, errors in original construction, reconstruction, repair, settlement, shifting or movement of the Building or any other similar cause.

(vii) A nonexclusive easement for the installation and reasonable relocation of any necessary Utilities Facilities exclusively required or appropriate to service the Premises. Tenant shall reimburse Landlord for any reasonable costs or loss of income incurred by reason of any temporary interference with the operations of Landlord during the period in which Tenant is performing such installation or relocation.

SECTION 41.03.3. Maintenance, Use, Duration and Termination of Easements.

(a) The easements granted in this Section 41.03 shall be used by each Party and by Occupants and users as an appurtenance to and for the benefit of the benefitted Parcel and solely for the purpose of developing, maintaining and operating all of the Parcels pursuant to a common plan of beneficial use. The easements shall in each instance be (i) perpetual during the Term of this Lease, (ii) appurtenant to the Parcels benefitted thereby and (iii) where designated as nonexclusive, for use in common.

(b) Where an easement is granted in this Section 41.03 for the use of a life safety system, security

system or utility system, both parties shall use said system in a manner which is consistent with the preservation of the full operating capacity thereof for the benefit of both Parcels.

(c) All Utilities Facilities installed by any Party pursuant to the easements designed to serve exclusively such Party's Parcel or Parcels shall be installed, operated, maintained, repaired and removed by such Party without cost or expense to any other Party. Any such Utilities Facilities shall be constructed and installed so as not to interfere unduly with the use and enjoyment of each Parcel by the Occupants and users and shall otherwise conform to the applicable requirements of this Section. All such Utilities Facilities shall be separately metered or separately assessed for the respective uses of each Parcel. It shall be the obligation of the installing Party to repair promptly any damage caused by such Party's separate Utilities Facilities to any portion of any Parcel, and each Party shall pay and protect, and indemnify, defend and hold the other Party and all other users harmless from and against, any and all claims, demands, losses, costs, damages, liabilities, injuries or expenses, including, without limitation, reasonable attorneys' fees, incurred in connection with or arising by reason of injury to or death of any person, or loss or damage to property arising from such Party's Utilities Facilities, except the claims of an indemnified person resulting from the negligence or willful act or omission of said person. The installation, maintenance,

repair and removal of all Utilities Facilities in the Retail Parcels other than for the separate use of Landlord, its successors or Occupants, shall be undertaken by Tenant.

(d) Except as otherwise provided herein, each Party shall maintain and repair at its cost and expense the improvements owned by it within which the easements are located, in such condition and to such extent as shall be necessary in order that no unreasonable interference with the use and benefit of the easements shall result; provided, however, that the foregoing obligation is limited to normal and routine maintenance and repair activities and shall not include any requirement to repair, restore or reconstruct any damage thereto or to make capital expenditures. In the event of any damage to such improvements, the obligations to repair, restore or reconstruct such damage shall be governed by the provisions of Section 41.03.11 hereof.

(e) Except as provided in Section 41.03.05 hereof, no Party or Occupant shall enter into any agreement, make any conveyance or transfer any interest in all or any portion of its Parcel or do or suffer any other act which would unreasonably interfere with the use and enjoyment of the easements for the benefit of the benefitted Parcel.

(f) Each Party and Occupant shall pay and protect, and indemnify, defend and hold each other Party, and all other Occupants harmless from and against, any and all claims,

losses, costs, damages, liabilities, injuries or expenses, including, without limitation, reasonable attorneys' fees, arising by reason of injury to or death of any person, loss or damage to property, claims of lien for work or labor performed, materials or supplies furnished, or other claims, losses or liabilities of any kind or nature, arising out of or in connection with the exercise by the indemnifying person of the easements or other rights granted to it under this Section. Any Party or Occupant may contest any lien or claim of lien asserted against such Party or Occupant or its Parcel provided that such Party or Occupant shall, as a condition to its right so to contest, procure and record a bond of a responsible corporate surety, in such amount as may be required to release the lien fully from any Parcel upon which such lien has been imposed; and provided, further, that such Party or Occupant shall pay and fully discharge any such claim of lien within five (5) days after entry of a final judgment adverse to such Party or Occupant in any action to enforce or foreclose the same, which judgment shall be deemed final when it can be enforced by execution or judicial sale but not during the pendency of any stay of execution in connection with an appeal or other proceeding in connection therewith.

(g) The exterior of the Building shall be maintained by Tenant pursuant to the provisions of Sections

41.03.06 and 41.03.07 hereof with an allocation of costs as provided therein.

(h) No Party or Occupant shall use or permit the use of its Parcel, or any portion thereof, (i) for the conduct of any offensive, noxious, noisy or dangerous trade, business, manufacturing or other activity or occupation (including, without limitation, burning of trash, refuse or waste materials), or for any other activity which constitutes an unreasonable annoyance or disturbance to any Party or Occupant, (ii) for the maintenance of any nuisance or the conduct of any activity which violates public policy, (iii) for any activity which physically interferes with the business or occupancy of any other Party or Occupant, (iv) in violation of any law, ordinance, rule or regulation of any governmental authority having jurisdiction over activities conducted in the Project or any portion thereof, (v) of unreasonably disruptive electronic transmissions (provided, that reasonable disruptions attendant to a telecommunication system shall not be considered a violation hereof), or (vi) for any other use not compatible with the operation of a first-class, mixed-use hotel and retail project, well maintained in accordance with the standards of this Agreement.

(i) Each Party shall manage, operate and maintain the heating, ventilation and air-conditioning in its Parcel so as not to cause any drain or undue burden on the heating, ventilation and air-conditioning provided in the other

Parcel. Except as required to comply with laws, rules and regulations with respect to stairwell pressurization and other life safety requirements, air pressure within the Retail Parcels and Premises shall be maintained in balance for the joint benefit of both Parcels.

(j) Each Party, without cost or expense to any other Party, shall promptly comply or cause compliance with all laws, ordinances, rules and regulations of any governmental authority having jurisdiction which may at any time be applicable to or within its Parcel, all rules or regulations of insurers or Board of Fire Underwriters which may be applicable to such Parcel. However, each Party shall have the right to contest, by appropriate legal or administrative proceedings diligently conducted in good faith, the validity or application of any such law, ordinance, rule or regulation and may delay compliance until a final decision shall have been rendered in such proceedings and appeal shall no longer be possible, unless such delay would render the Retail Parcels or the Premises, or any portion thereof, liable to forfeiture or involuntary sale, or result in the involuntary closing of any business conducted thereon, or subject any other Party, Occupant or Parcel to civil or criminal liability, in which case the contesting Party shall immediately take such steps as may be necessary to prevent any of the foregoing, including posting bonds or security or complying with such law, ordinance, rule or regulation. If compliance with any

such law, ordinance, rule or regulation would prevent the Party to whose Parcel such law applies from performing any of its obligations under this Agreement, and such Party does not contest the applicability or validity of such law, ordinance, rule or regulation, the other Party may contest the same at such other Party's expense in accordance with the procedures and subject to the limitations hereinabove set forth, and during the pendency of such contest, the Party whose Parcel is affected shall delay compliance until a final decision shall have been rendered and appeal shall no longer be possible. The non-contesting Party shall cooperate to the fullest extent necessary with the contesting Party in any proceeding undertaken pursuant to this Section, including, without limitation, execution of necessary documents or consents to such contest; provided, that all costs and expenses incurred with respect to such cooperation shall be paid by the contesting Party; and provided, further, that the non-contesting Party shall thereby incur any civil or criminal liability. Notwithstanding anything to the contrary contained herein, this Section shall not apply to any taxes or proceedings in eminent domain, which matters are specifically provided for elsewhere herein.

(k) Except as otherwise specifically provided herein with respect to construction work, no walls, fences, partitions or barriers of any kind shall be constructed or erected by any person within the envelope of the Building, or any portion

thereof, which shall prevent or unreasonably impair the free use or exercise of any of the easements or other rights granted herein.

(1) Each Party and Occupant, at its own cost and expense, shall fence or screen any construction work performed by the Party or Occupant on any Parcel. Fencing or screening shall be sufficient to protect all other portions of the Site and any personal property and individuals located thereon or therein from dust, debris and other inconveniences occasioned by such work.

(m) The Parties agree that in the exercise of their easements under this Section, each Party shall use its best efforts to coordinate its use thereof in a manner that will minimize any disruption of the orderly and efficient operation of the Site.

SECTION 41.03.04 Rules and Regulations. To the extent Tenant deems necessary, Tenant may, from time to time, adopt reasonable rules and regulations pertaining to the use of the easements herein granted and Joint Management Areas by Occupants and users and to such other matters as are identified herein as subject to the rules and regulations; provided, however, that no such rules or regulations shall be incompatible with, or serve to materially diminish, any rights conferred or obligations created hereunder. The rules and regulations shall

be binding upon the Parties and all Occupants and users from and after the date of notice thereof is given to the Parties.

SECTION 41.03.05 Future Construction, Alteration and Remodeling.

(a) Notwithstanding the granting of any easement under the provisions of Sections 41.01 or this Section 41.03 of this Lease, and subject to the provisions of paragraph (c) of this Section, Tenant may demolish, replace or alter the Building or make an addition thereto as otherwise allowed by this Lease if Tenant rebuilds the Retail Shells, unless excused under Section 12.02 hereof, and complies with the provisions of Article 10 of this Lease, and in the case of alterations, such work shall be done in a manner which does not unreasonably interfere with the easements granted Landlord in Section 41.01 hereof or in this Section 41.03.

(b) Notwithstanding the granting of any easement under the provisions of Sections 41.02 or this Section 41.03 of this Lease, Landlord may alter the Retail Parcels or any portion thereof or make an addition thereto if Landlord complies or causes compliance with the REA, if then in effect, and with the provisions of paragraphs (a) through (f) inclusive, of Section 10.01 of this Lease (except that said provision shall apply to the Retail Parcels instead of the Hotel, "Tenant" shall be read in place of "Landlord", and any consent therein required may be reasonably withheld by Tenant so long as any disapproval

contains a statement in reasonable detail of the reasons for disapproval).

(c) In the performance of the work under the provisions of paragraphs (a) and (b) hereof, the Party performing or causing such work to be performed shall interfere with the exercise of an easement granted in this Lease only to the extent reasonably necessary or appropriate to perform such work and only during the course of construction. At the completion of such work the Party in whose favor such easement runs shall continue to enjoy the same as prior to such work; provided, however, that if reasonably necessary or proper on account of such work the location of an easement may be moved or similar adjustments made to it at the expense of the constructing Party so long as no material change to said easement or to the enjoyment thereof occurs as a result.

SECTION 41.03.06 Tenant's Maintenance and Operating Responsibilities. Tenant shall assure that all Joint Management Areas are maintained and operated in a first-class condition and in accordance with standards of this Lease. All improvements repaired or replaced by Tenant shall be repaired or replaced with materials, apparatus and facilities of quality equal or superior to the quality of the materials, apparatus and facilities repaired or replaced, in a manner which maintains the architectural and aesthetic harmony of the Parcels as a whole and the structural integrity of the Building. Tenant shall provide the

services required with respect to the Joint Management Areas in order to operate and maintain the Building as a first-class project in accordance with the standard of service equal to that provided in first-class San Francisco hotels and retail projects. Once Landlord is required to pay its Proportionate Share, as provided in Section 41.03.07 of this Lease, Tenant shall be entitled to collect Landlord's Proportionate Share of a fee from Landlord for all services provided hereunder, such fee to be equal to the market rate for such services in San Francisco, California. Tenant shall not, however, be liable to Landlord or any Occupant or user or other person (a) for any injury, death, loss or damage due to theft, other breaches of security, failure or interruption of service, or other circumstances pertaining to elements or components of the Joint Management Areas or (b) for its failure to enforce the provisions hereof, unless the same is due to Tenant's willful misconduct or active negligence. Tenant's obligations shall include, but not be limited to, the following:

(a) Removal of all papers, debris, filth, trash, garbage, and refuse and sweeping to the extent necessary to keep all Joint Management Areas in a first-class, clean, sanitary and orderly condition; provided, however, that each Party shall take, or cause to be taken, all necessary measures to keep the Joint Management Areas free from all debris and rubbish caused by or emanating from their respective Parcels, and once Landlord is required to pay its Proportionate Share, as provided

in Section 41.03.07 of this Lease, any cost of removing the same from the Joint Management Areas shall be assessed solely against the Parcel of origin and shall not be included in the cost allocated by Tenant between the Parcels under this Section.

(b) Operating, keeping in repair, cleaning and replacing when necessary such lighting facilities as may be reasonably required in the Joint Management Areas or for the mutual benefit of the Retail Parcels and the Premises, including, but not limited to, all lighting necessary or appropriate for security, lighting within the delivery areas and exterior lights attached to the Building which are intended to illuminate outside areas.

(c) Maintaining, cleaning, repairing, replacing and keeping in good operating order the Building's life safety system, utility system and security system where jointly used.

(d) Complying with all applicable requirements of governmental authorities, utilities, insurers and boards of Fire Underwriters pertaining to the Joint Management Areas, including, without limitation, any repairs, alterations or additions required to be made to, or safety appliances and devices or personnel required to be maintained in or about, the Joint Management Areas under any laws, ordinances, rules, regulations or orders now or hereafter applicable to the Joint Management Areas.

(e) Maintaining all exterior Building surfaces (except store fronts), including, without limitation, cleaning, repairing and replacing exterior windows, window frames and sealant; repairing, maintaining and cleaning the roof; repairing and cleaning exterior surfaces and sealant as and when the same shall be required.

(f) Tenant shall cause the insurance described in, and in accordance with the requirements of, Article 6 to apply to the Joint Management Areas within the Hotel and cause any tenants of the Retail Parcels to be named additional insureds on any such public liability or property damage policy and shall obtain a waiver of subrogation on any fire or other casualty policy against the acts of any tenants of the Retail Parcels, their employees and invitees, together with a release of liability coextensive with the coverage of such policy; provided, that such tenant obtains and executes a mutually effective waiver and release in favor of Tenant, its employees and invitees.

SECTION 41.03.07 Payment of Joint Management Costs.

Prior to the execution by Landlord of a lease of any portion of the Retail Parcels, or prior to the entry into possession of any portion of the Retail Parcels for the use thereof by Landlord or any person claiming under Landlord, whichever is earlier, Joint Management Costs shall be paid by Tenant. Thereafter and while this Lease is in effect, subject to the limitations hereinafter set forth, each Party shall pay its Proportionate Share of the

Joint Management Costs in accordance with this Section. Joint Management Costs shall be determined and paid in the following manner:

(a) At least forty-five (45) days prior to the beginning of each Fiscal Year, Tenant shall prepare and distribute to the Parties a pro forma operating and reserve statement for such Fiscal Year; provided, however, that the first budget to be prepared hereunder shall cover the remaining portion of the initial Fiscal Year. The budget shall consist of an estimate of (i) Joint Management Costs, (ii) amounts to be deposited to reserves for reasonably anticipated contingencies and replacements of capital improvements in the Joint Management Areas, (iii) the income (other than from assessments as hereinafter provided), if any, expected to be earned from the maintenance and operation of the Joint Management Areas during such Fiscal Year, and (iv) the surplus from prior years' assessments, if any, available to Tenant during such Fiscal Year. The amount by which the sum of (i) and (ii) exceeds the sum of (iii) and (iv) shall constitute the Joint Management Area Estimated Cash Requirement for the Fiscal Year. The Joint Management Estimated Cash Requirement shall be assessed ("Regular Assessments") to the Premises and the Retail Parcels in accordance with their respective Proportionate Shares. Failure to provide a copy of the budget to a Party in a timely manner shall not affect the validity of Regular Assessments based thereon, so long as said Party

receives reasonable notice before commencement of any action or proceeding to enforce collection thereof.

(b) Landlord shall pay Regular Assessments to Tenant in equal monthly installments on or before the first day of each calendar month during the Fiscal Year, or in such other reasonable manner as Tenant may determine with the prior written approval of Landlord, which approval shall not be unreasonably withheld.

(c) If Tenant determines that the Joint Management Estimated Cash Requirement is, or will become, inadequate for any reason (including, but not limited to, unexpected repairs or replacements of any portion of the Joint Management Areas), Tenant may, at any time, levy a special assessment ("Special Assessment") for such purpose, which shall be assessed to the Parties in accordance with their Proportionate Shares. Unless the time for payment shall be extended by Tenant, a permitted Special Assessment shall be due and payable within twenty (20) days after Tenant shall have given the Parties written notice thereof.

(d) Not later than one hundred twenty (120) days after the last date of each Fiscal Year, Tenant shall provide to the "tenant" referred to in Section 43.03.17 hereof, a statement of Joint Management Costs prepared from Tenant's books and records without audit. Copies of such statement shall also be provided to Landlord. If such statement discloses that the

amount collected from each Party during the preceding year for Joint Management Costs is less than the Joint Management Costs actually incurred, then each Party shall pay its Proportionate Share of the difference within thirty (30) days thereafter, subject to the limitations on Special Assessments set forth above. If such statement discloses that the amount collected for Joint Management Costs during the preceding year is greater than the Joint Management Costs actually incurred, then the excess shall be credited against the Estimated Joint Management Cash Requirement for the next succeeding Fiscal Year.

(e) Tenant shall prepare, keep and maintain full, complete and proper books, records and accounts of the Joint Management Costs in accordance with good accounting and bookkeeping practice. Such books, records and accounts shall be maintained in Tenant's office, which shall be located within the City and County of San Francisco. Landlord shall have access to the books, records and accounts of Tenant upon reasonable notice and during reasonable hours, with the right to inspect the same, have the same examined by agents and accountants retained by Landlord, and, upon payment of a reasonable charge therefor, make abstracts and copies thereof and use the same for any lawful and proper purpose consistent with the provisions hereof.

(f) Landlord may, at any time prior to the expiration of a one (1) year period after the end of a Fiscal Year, cause a review or audit to be made of the Joint Management

Costs assessed against the Retail Parcels, either by Regular Assessments or Special Assessments, by a certified public accountant selected by Landlord. If the Regular Assessments and Special Assessments made on the basis of the books and records of Tenant shall be found in such audit to be in error such that the Retail Parcels were over-assessed, Tenant shall, within twenty (20) days after demand by Landlord (which said demand shall be made in writing, together with a copy of such audit), refund to Landlord the amount overpaid. If the amount of overpayment is five percent (5%) or more of the amount properly shown to be due, Tenant shall, in addition to refunding the amount overpaid, pay (i) interest on the overpayment at a rate equal to the lesser of (A) twelve percent (12%) per annum or (B) the maximum lawful rate, from the date of overpayment until the date of such repayment; (ii) the cost of any such audit; and (iii) the cost of any review by a certified public accountant leading to such audit. In all other cases, the cost of the audit and all costs associated therewith shall be borne by Landlord. In the event of disagreement between Tenant and Landlord as to the correct amount of Joint Management Costs to be assessed against Landlord, then Tenant shall employ a certified public accounting firm of recognized national standing reasonably acceptable to Tenant and Landlord, to conduct a review or audit of such Joint Management Costs assessed against the Retail Parcels. The findings of such

accounting firm shall be conclusive and shall be binding upon Tenant and Landlord.

SECTION 41.03.08 Operating Agreement. Notwithstanding any other provision contained in this Section, Tenant may enter into an agreement with an unrelated third party operating entity for the complete operation and maintenance of the Joint Management Areas in accordance with the provisions of this Section providing for the payment of fees or other compensation to such entity, no greater than the competitive rates for such services prevailing in the San Francisco metropolitan area. Each Party shall pay its Proportionate Share of the expenses of such operating agreement. Upon termination of such operating agreement, Tenant shall assume the responsibilities of Tenant hereunder in accordance with the provisions of this Section 41.03.

SECTION 41.03.09 Liens. Tenant shall, to the extent of funds available from Regular Assessments and Special Assessments, keep the Parcels free from any and all liens arising out of any work performed, materials, services or equipment furnished to, or obligations incurred by Tenant in connection with the maintenance and operation of the Joint Management Areas. Tenant shall, within thirty (30) days after the date of the imposition of any such lien, and if sufficient funds are available to it, pay the lien claim in full, unless Tenant desires to contest any such lien claim, in which case Tenant

shall, within such thirty (30) day period and as a condition precedent to Tenant's right so to contest, record a bond of a responsible corporate surety in such amount as may be required to release said lien. In the event of the execution of an operating agreement with a third party, such third party shall take subject to, and shall be liable for, any such liens on the Project which Tenant was unable to release due to insufficient funds available to it.

SECTION 41.03.10 Insurance.

(a) With respect to the Retail Parcels, including any portion thereof which is a nonstructural Joint Management Area, Landlord shall carry all insurance for the benefit of Tenant as Tenant is required to carry for the benefit of Landlord under the provisions of Article 6 of this Lease. Tenant shall insure the structural portions of the Joint Management Areas within the Retail Parcels under the provisions of Article 6. Said policies shall be of the same extent and character as required by Article 6 and shall be for the benefit of Tenant as required by Article 6 to be for the benefit of Landlord. Tenant shall have the same remedies for the violation of this Section as Landlord has for a violation of Article 6.

(b) Notwithstanding the provisions of subparagraph (a) hereof to the contrary, the Parties may agree that public liability and property damage insurance required to be carried by Landlord under said subparagraph (a) shall be

carried by Tenant solely for the purpose of providing coverage for all Joint Management Areas, including that within the Retail Parcels, in which case Landlord shall pay its Proportionate Share of the premiums for such insurance as part of the Joint Management Costs.

SECTION 41.03.11 Damage, Destruction or Condemnation.

(a) In the event of damage, destruction or Partial Taking of the Building or any part thereof, including the Retail Shell, Tenant shall be required to restore the Building, including the Retail Shell to the extent, and only under the circumstances, provided in Articles 12 and 13 of this Lease. In the event that Tenant is required to restore the Building as aforesaid, Landlord shall be required to restore the Retail Parcels to a condition equal to or superior to the condition existing prior to the damage or destruction and to the same general appearance as existed immediately prior to such damage or destruction and otherwise in accordance with the provisions of this Lease.

(b) Notwithstanding the foregoing, (i) where any Mortgagee acquires title by reason of foreclosure, or deed in lieu of foreclosure, or where a lessor acquires title by termination for default of a leaseback in a sale and leaseback transaction or a sublease in a sublease and leaseback transaction, such Mortgagee or lessor or the purchaser at a foreclosure sale shall be liable only for such reconstruction or

repair of damage as provided in this paragraph (b) (whether or not such damage was caused by a peril included within the risks required to be insured against under said Section and whether or not such damage occurs subsequent to such foreclosure, sale, conveyance or termination of leaseback), (ii) where the damage or destruction is either (A) caused by a peril required to be insured against under this Lease or (B)(1) caused by a peril actually insured against and (2) occurs prior to such foreclosure sale, any such Mortgagee or lessor who acquires title by reason of foreclosure or deed in lieu of foreclosure or by termination for default of a leaseback, or the purchaser at a foreclosure sale, shall be liable for such reconstruction; but in the case of a peril not required to be insured against under this Lease, only to the extent of the insurance proceeds actually received under such insurance, and (iii) if such a Mortgagee, lessor or purchaser at a foreclosure sale is not required pursuant to the foregoing to restore, repair or rebuild any improvements that have been damaged or destroyed and elects not to do so, such Mortgagee, lessor or purchaser at the foreclosure sale shall raze such improvements, or such part thereof that has been so damaged or destroyed, and clear the premises of all debris.

(c) Plans and specifications for any work of repair and restoration shall be subject to the standards and procedures of Section 41.03.05(b) hereof as to Landlord and Article 10 of this Lease as to Tenant. Each Party shall

undertake such work in a manner which will cause as little disruption of and interference with the use of the remainder of the Building and the Project as is practicable under the circumstances, and shall use due diligence to complete as expeditiously as possible restoration and/or repair of the damaged portion of the Building so that the same may be available for use and operation with as little delay as circumstances will permit.

(d) Notwithstanding anything in this Lease to the contrary, when Tenant is required or elects to restore the Building or any part thereof, any insurance proceeds or damages or awards paid or payable to either Party on account of damage or destruction or partial condemnation to be repaired or replaced, shall be made available to (i) first, Tenant for use in the work of restoration of the Building Structure and Joint Management Areas covered by this Lease to a condition equal or superior to that existing immediately prior to such damage or destruction, and (ii) second, the balance, if any, of such proceeds to be allocated between each of the Parties based upon the relative cost and expense of repairing and restoring the damage to its Parcel. If the insurance proceeds or other damages, awards or proceeds payable by reason of or in connection with the damage and destruction, or partial condemnation, to be restored under this Section are inadequate to pay for the cost of such restoration, the excess cost of repairing and restoring portions of the Building other than the Joint Management Areas and the Building

Structure shall be allocated between each of the Parties based upon the relative cost and expense of restoration to its Parcel. The excess cost of restoring the Joint Management Areas and the Building Structure shall be proportionately allocated between the Parties according to their respective Proportionate Shares, or such other allocation as may be acceptable to each Party. The obligation of Tenant to perform any work of restoration, the cost of which exceeds the amount of insurance proceeds or other awards or proceeds payable by reason thereof, shall be conditioned upon payment by each Party of its share of such excess cost. Failure to make such payment within thirty (30) days after demand therefor shall constitute a default thereunder.

(e) In the event of either a Total Taking or a Partial Taking no Party shall be entitled to share in the award or awards relating to the Parcel of the other Party by virtue of any interest in such other Parcels. Any award relating to a Parcel on account of a Total Taking or Partial Taking must arise independently of the determination of the award for the other Parcel. Any interest that Landlord or anyone else has in the award for the Premises arises solely under the provisions of Article 13 of this Lease and not by virtue of any interest that Landlord or anyone else may have in the Retail Parcels.

SECTION 41.03.12 (omitted)

SECTION 41.03.13 Defaults and Special Remedies.

(a) The provisions of this Section are subject to the provisions of Articles 35 and 40 of this Lease limiting the personal liability of the Parties.

(b) Each Party hereby grants to the other Party a security interest and lien in its Parcel as of the date hereof, with power of sale, to insure the performance by the Parties of their respective obligations under this Section 41.03. If any Party or Occupant defaults in the performance of any of its obligation under this Section, the non-defaulting Party shall have the right, but not the obligation, to provide written notice of such default of the defaulting Party or Occupant. If such defaulting Party or Occupant shall not have cured such default within ten (10) days (in the case of a monetary default) or thirty (30) days (in the case of any other default), as the case may be, after receipt by it of such written notice, then the non-defaulting Party or Occupant shall have the right, but not the obligation, to record a notice of default in the office of the Recorder of the City and County of San Francisco with respect to the Parcel or interest of the defaulting Party or Occupant, and to cause such Parcel or interest therein to be foreclosed upon and sold pursuant to California Civil Code Section 2924. Such notice of default shall comply with the provisions of California Civil Code Section 2924, and shall state the amount necessary to cure such default, together

with a claim for any costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by the non-defaulting Party or Occupant by reason of such default, including, without limitation, the preparation and/or recording of the notice of default or other notices or documents in connection therewith, and all other costs incurred in collecting from such defaulting Party or Occupant any amounts paid or advanced by the non-defaulting Party or Occupant to cure such default as provided below, in each case, with interest thereon at a rate equal to the lesser of (i) twelve percent (12%) or (ii) the maximum rate permitted by law.

(c) Nothing contained herein shall preclude the non-defaulting Party or Occupant, after the failure of the defaulting Party or Occupant to cure such default within the time period described in Section 41.03.13(b) hereof, and in lieu of or in addition to filing a notice of default, from curing such default for the account and at the expense of the defaulting Party or Occupant; provided, however, that if any such default results in an emergency condition requiring, in the reasonable determination of the non-defaulting Party, immediate action to cure, the non-defaulting Party acting in good faith shall have the right to cure such default upon such advance notice as is reasonable under the circumstances or, if necessary, without advance notice, so long as notice is given as soon as practicable thereafter.

(d) Any notice to the defaulting Party or Occupant pursuant to this Section 41.03.13 shall specify with particularity (1) the name of the defaulting Party, (2) the nature and basis of the default claimed, (3) a description of the Parcel or interest in respect of which such default has arisen, (4) a statement that the default is claimed pursuant to the provisions of this Section, reciting the date, book and page of recordation thereof, and (5) the action which the defaulting Party shall take in order to cure the claimed default (or, in the event immediate action is required, the action which the Party giving such notice proposes to take or has taken in order to cure the claimed default). Any such notice shall be duly acknowledged and shall contain a certificate that a copy thereof has been served upon the Party against whom the default is claimed, by personal service or any mailing pursuant to Section 36.01 hereof and by personal service at or mailing to the address given for the mailing of tax statements in the Office of the Tax Collector of the City and County of San Francisco for the Parcel or interest in respect of which the default is claimed. To effectuate any such cure, the non-defaulting Party or Occupant shall have the right to perform any necessary work or furnish any necessary materials or services to cure said default. The non-defaulting Party shall have the further right to recover from the defaulting Party all costs and other sums expended in connection with the cure of the default hereunder, plus interest thereon at

a rate equal to the lesser of (i) twelve percent (12%) per annum or (ii) the maximum rate permitted by law. Each Party shall be responsible hereunder for the defaults of its Occupants, agents, contractors, employees and representatives.

(e) Any Party delivering or recording a notice or other written communication pursuant to this Section 41.03.13 hereof with respect to a default by any Party or Occupant shall, concurrently therewith, send a copy of any such notice or other document to any Mortgagee having an interest in the Parcel, or interest therein, which is subject to foreclosure and sale by the non-defaulting Party, and the Mortgagee shall have all of the rights to cure any such default in the same manner that it has pursuant to Article 43 hereof.

(f) All costs and expenses reasonably incurred by either Party to cure a default of a defaulting Party hereunder, together with interest thereon at the rate specified therein, and all costs and expenses of any proceedings at law or in equity, including, without limitation, reasonable attorneys' fees awarded to such Party by an order of a court in any proceeding hereunder, shall be assessed against and paid by the defaulting Party or Occupant.

(g) If the Party or Occupant against whom a default is claimed cures such default or, in the event immediate action is required, and the non-defaulting Party shall cure the default, then the Party claiming the default shall record a

notice rescinding the notice of default, and take such other action as may be reasonably required by a title insurance company requested to furnish a policy of title insurance on the affected Parcel or interest which deletes the notice of default as an exception thereto. All costs and expenses incurred by the Party required to rescind a notice of default hereunder, and all costs and expenses incurred by the non-defaulting Party in curing the default, as applicable, shall be borne by the Party or Occupant against whom the default is claimed.

(h) No waiver by either Party of any default under this Lease shall be effective or binding on such Party unless and to the extent expressly made in writing by such Party, and no such waiver shall be implied from any failure by a Party to take action in respect of such default. No express written waiver of any default shall constitute a waiver of any subsequent default in the performance of the same or any other provision of this Section. All rights and remedies available to the Parties under this Section or at law or in equity shall be cumulative and not alternative, and invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other available right or remedy. Nothing contained herein, however, shall modify any of the provisions of Sections 35.01 or 40.01.

SECTION 41.03.14 Mortgagee Protections.

(a) Except as provided in Section 41.03.14(b), this Section 41.03, and the rights, privileges, covenants, agreements and easements hereunder with respect to each Party, Occupant, and Parcel, shall be superior and senior to any lien placed upon any Parcel, including the lien of any Mortgage. Notwithstanding the foregoing, no default hereunder shall defeat, render invalid, diminish or impair the lien of any Mortgage, but the covenants, conditions, restrictions and easements contained herein shall be binding upon and effective against any person (including any mortgagee or beneficiary under a deed of trust) acquiring title to any Parcel, or any portion thereof, by foreclosure, trustee's sale, deed in lieu of foreclosure, or otherwise.

(b) Any lien claim made pursuant to this Section 41.03 shall be expressly subject and subordinate to the interest held under a Mortgage, to any and all advances in whatever amounts and whenever made, with interest thereon, and to any expenses, charges and fees incurred hereby, including any and all of such advances, interest, expenses, charges and fees, which may increase the indebtedness secured by such Mortgage above the original principal amount thereof; provided that the same are advanced or incurred under any of the express provisions of such Mortgage or any extension, substitution, consolidation, modification or supplement thereto. Notwithstanding the foregoing, any

such lien shall be superior to the rights of any purchaser at a foreclosure or trustee's sale, or of any transferee by deed in lieu of foreclosure, in each case, as to all sums which become owing after such purchaser or transferee acquired his, her or its interest in any Parcel.

SECTION 41.03.15 Covenants Run With the Land.

(a) All of the provisions, agreements, rights, powers, covenants, conditions, restrictions, easements and obligations contained in this Section 41.03 shall be binding upon and inure to the benefit of the Parties hereto, and all Users, Occupants, their respective heirs, successors (by merger, consolidation or otherwise), assigns, devisees, administrators, representatives, lessees, and all other persons acquiring any Parcel, or any portion thereof or interest therein, whether by operation of law or in any manner whatsoever, unless and until modified as herein provided. Throughout the Term, all of the provisions of this Section 41.03 shall be covenants running with the land pursuant to applicable law, including, but not limited to, Section 1468 of the California Civil Code, and shall constitute equitable servitudes. During such time, each covenant to do or refrain from doing some act on each Parcel hereunder (i) is a burden upon such Parcel and is for the benefit of each other Parcel, (ii) runs with each Parcel, and (iii) shall benefit or be binding upon each successive owner during its ownership of each Parcel, or any portion thereof or interest therein, and each

person having any interest therein derived in any manner through any owner or any Parcel, or any portion thereof.

(b) Notwithstanding the provisions of Section 41.03.15(a) above, the covenants, conditions, restrictions and easements contained in Section 41.03 shall terminate upon the written agreement of the Parties. In addition, this Section 41.03 shall terminate in the event there is any Major Damage to the Building Structure and Tenant is not required to and does not restore the Building Structure, provided that in such event such termination shall not affect or otherwise impair the disposition or sale, condemnation or insurance proceeds.

SECTION 41.03.16 Not a Public Dedication. Nothing contained herein shall be deemed to be a gift or dedication of any portion of any Parcel or any portion of a Parcel to the general public, for the general public or for any public use or purpose whatsoever, it being the intention and understanding of the Parties hereto that this Section 41.03 shall be limited to and for the purposes herein expressed for the development, maintenance and operation of the Hotel and the Retail Parcel for the benefit of the Parties and the Occupants of the Parcels. Pursuant to the provisions of this Section, and notwithstanding any other provision to the contrary contained herein, either Party shall have the right to prevent or prohibit the use of its Parcel, or any portion thereof, including Joint Management Areas and buildings and improvements located thereon, by any person,

for any purpose inimical to the operation of an integrated first-class private retail and hotel development as contemplated by this Lease. Nothing contained herein shall be deemed to limit or restrict public access to those portions of either Parcel to which such access is required by reason of the conditions imposed by any applicable public authority. Tenant shall establish the rules and procedures necessary to comply with such requirements.

SECTION 41.03.17 Limited Liability of Landlord. Notwithstanding anything in this Section 41.03 providing for the liability of Landlord, Tenant agrees that if and upon the execution of the "ARE/Retail Lease" or the "Retail Lease" (as those terms are defined in the Disposition Agreement) by a single tenant, Tenant shall look to such tenant for the primary liability for the satisfaction of any such liability, and shall look to Landlord as being only secondarily liable, provided that at the time of executing such lease such tenant enters into a written agreement in form reasonably satisfactory to Tenant for the express benefit of Tenant assuming the obligations of Landlord under the provisions of this Section 41.03.

SECTION 41.04. Transfers of Interest.

(a) The provisions of this Section 41.04 apply to Tenant, as to the Premises, and to Landlord, as to the Retail Parcels. If either Party shall transfer, assign or otherwise convey the entire interest of such Party in its Parcel without retaining any beneficial interest therein, other than as

beneficiary under the terms of a deed of trust or Mortgage, and without simultaneously acquiring a new interest in such entire Parcel by way of leasehold, life estate or other similar interest, then the rights, powers and obligations of the transferring Party under this Article 41 shall be assigned, transferred or otherwise conveyed concurrently with its interest.

(b) In the event that (i) the entire interest of either Party in its Parcel is transferred or conveyed, but a new interest in the whole Parcel is created in the transferring Party simultaneously with the transfer or conveyance of its previous interest, by way of leasehold, life estate, or any other similar interest or (ii) the transferring Party shall convey its interest in its Parcel or a portion thereof by deed of trust, mortgage or other security instrument as security for any obligation or indebtedness of such Party, then none of the rights, powers or obligations of the transferring Party under this Lease shall be transferred or assigned with the transfer or conveyance of its interest, but all of said rights, powers and obligations shall remain in the transferring Party so long as such Party retains, under (i) above, the new interest in and to its Parcel (other than as beneficiary under the terms of a deed of trust or mortgage), or so long as such Party remains, under (ii) above, the beneficial owner of its Parcel. Upon the termination of the new interest created in the transferring Party as described in this

Section 41.04(b), the rights, powers and obligations of such Party shall vest in accordance with Section 41.04(a) hereof.

(c) If either Party shall transfer or convey its interest in its Parcel or any portion of its Parcel or interest therein, in such manner as to vest ownership of the Parcel or interest therein in more than one person, then the persons owning all of such interest in such Parcel shall be jointly considered a single Party and such persons involved in the transaction creating the multiple interests shall designate one of their number as the Party on behalf of all such persons under this Section. Any such designation shall be in writing, duly executed and acknowledged by each such person, shall be served upon the other Party in accordance with the notice provisions of this Section, shall contain a certificate that a copy thereof has been so served, and shall be recorded in the Office of the Recorder of the City and County of San Francisco. Until such time as the written designation has been properly served and recorded, the acts of the Party whose interest is so divided with respect to the performance of this Section 41.04 will be binding upon all of the persons owning any interest in such Party's Parcel. The exercise or performance of any rights, powers or obligations of a Party under this Section by the person designated as a Party with respect to the Parcel shall be binding upon all persons having an interest or right in such Parcel, and all persons having an interest in such Party. So long as such designation shall remain in effect and

except as may be otherwise expressly provided herein, all persons having an interest or right in the Parcel and all persons having an interest or right in such Party shall act only through such designated Party, and the other Party shall have the right to deal exclusively with and rely solely upon the acts or omissions of such designated Party in the performance of this Section. Any Party designated hereunder may be removed by the persons so designating such Party, in accordance with any procedure agreed to between them, provided that (i) written notice of such removal and the designation of a new person to act as the Party under this Section on behalf of all such persons is properly served and recorded in the manner specified in this Section 41.04(c). Any person designated pursuant to the provisions of this Section 41.04(c) shall be the agent of each of its principals, hereby irrevocably appointed for such purpose unless replaced in accordance with the provisions hereof, upon whom service of any notice, process, writ, summons, order or other mandate of any nature of any court in any action, suit or proceeding arising out of this Section may be made, provided that a copy of any such matter is also mailed to each of such principals at the principals' last addresses known to the sender. Notwithstanding anything to the contrary contained herein, the designation of a person to act on behalf of other persons as a Party under this Section 41.04(c) shall not for any purpose relieve such other

persons from any of the obligations or liabilities created by or arising from this Section.

(d) Upon the sale or transfer by any Occupant of its entire right, title and interest in and to any portion of a Parcel, such Occupant shall be released from the obligations of Section 41.04 (other than those obligations arising from any default by such Occupant in the performance of any provision of this Section 41.04 prior to such sale or transfer, including payment of any amounts which may then be due and payable under this Section 41.04) with respect to the portion of the Parcel vacated; provided that such Occupant shall have given notice to the Parties of the sale, transfer, conveyance or assignment of all of its right, title and interest in and to its Parcel concurrently with the execution (and, where required, filing for record) of the instrument effecting the same.

(e) In no event shall any transferee of any Occupant be personally liable for any default under this Section of the transferring Occupant which occurred prior to the effective date of the transfer of all right, title and interest in and to the affected Parcel to the transfer; provided, however, that nothing contained in this Section 41.04(e) shall affect the existence, priority, validity or enforceability of any lien against the affected Parcel under the provisions of Section 41.03.3 hereof prior to the effective date of the transfer.

(f) Concurrently with the transfer of all right, title and interest in and to any Parcel, the transferee shall execute and deliver to the other Party a written statement in which: (i) the name and address of the transferee shall be disclosed, and (ii) the transferee shall acknowledge its obligation to be bound by this Section 41.04 and perform all obligations hereunder in accordance with the provisions of this Section. Failure to deliver any such written statement shall not affect the running of any covenants herein with the land as herein provided, nor shall such failure negate, modify or otherwise affect the liability of any transferee pursuant to the provisions of this Section, but such failure shall constitute a default by the transferee hereunder.

SECTION 41.05. Construction Easements. Landlord hereby grants to Tenant an easement ("Construction Easement") over the following portions (the "easement areas") of the Site, namely, those (i) which are above the CB-2 Hotel Site, (ii) which are above any subterranean portions of the CB-1 Hotel Site, and (iii) which are the areas of egress and the ramp on the CB-2 Hotel Site referred to in Sections 41.01(b)(vi) of this Lease. The term of the Construction Easement shall commence on the date of this Lease and shall expire on the Opening date. During the term of this easement Tenant shall have the non-exclusive use of the easement area for the purpose of (i) access to the Premises for all construction purposes, (ii) establishing temporary offices,

sheds and "shanties" to accommodate Tenant, its contractors and subcontractors, (iii) the erection of cranes, hoists, exterior elevators and scaffolding, and (iv) for the storage of construction materials, supplies, equipment and vehicles of all kinds including but not limited to trucks, tractors, graders, payloaders and the like, all to be utilized in conjunction with the construction and equipping of the Hotel. Tenant shall cause the insurance provided for in Section 6.01 to apply to the Construction Easement and the indemnification provisions set forth in Section 17.01 shall apply to the Construction Easement. To the extent allowed by the construction schedule, but no later than such time as Landlord requires the use of the easement areas for the purpose of construction of improvements thereon, Tenant shall remove all shanties, cranes, offices, sheds and stored materials, equipment and supplies from the easement areas and repair, in a workman-like manner, any portions thereof which may have been damaged by Tenant, its contractors, agents and suppliers.

ARTICLE 42

NO JOINT VENTURE

SECTION 42.01. No Joint Venture It is agreed that nothing contained in this Lease shall be deemed or construed to create a partnership or joint venture between Landlord and Tenant or between Landlord and any other party, or cause Landlord to be

responsible in any way for the debts or obligations of Tenant or any other party.

ARTICLE 43

MORTGAGE OF LEASEHOLD

SECTION 43.01. No Mortgage Except as Set Forth Herein.

Except as permitted in this Article, Tenant shall not:

(a) engage in any financing or other transaction creating any mortgage or deed of trust upon the Premises or upon Tenant's leasehold estate therein; or

(b) place or suffer to be placed upon the Premises or Tenant's leasehold estate therein, any lien or other encumbrance (other than a lien upon the said leasehold estate for taxes levied but not delinquent or payable with penalty). Any mortgage, encumbrance or lien not permitted by this Article 43 shall be deemed to be a violation of this covenant on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced.

SECTION 43.02. Leasehold Mortgage.

(a) At any time and from time to time during the Term, Tenant may assign or encumber the estate created by this Lease by way of leasehold mortgages, provided, however, that notwithstanding any foreclosure thereof, Tenant shall remain liable for the payment of the Net Rent and other sums payable hereunder to the extent provided in this Lease and for the

performance of all of the terms, covenants and conditions of this Lease which by the terms hereof are to be carried out and performed by Tenant. The holder of a Mortgage and any guarantor of the Disposition Agreement or this Lease shall be referred to as a "Mortgagee."

(b) With the exception of the rights granted to Mortgagees pursuant to Sections 16.01, 43.09, 43.12 and 43.14 hereof, the execution and delivery of a Mortgage shall not give or be deemed to give a Mortgagee any greater rights than those granted to Tenant hereunder.

(c) Notwithstanding anything to the contrary set forth herein, any rights given hereunder to Mortgagees pursuant to Section 43.12(a) hereof shall not apply to Mortgagees holding in excess of four (4) Mortgages at any one time other than any guarantor of the Disposition Agreement or this Lease. In the event that at any time there are more than four (4) Mortgages, Tenant shall notify Landlord in writing of the four (4) Mortgages to which such rights should apply.

SECTION 43.03. Notice of Mortgage. Tenant shall notify Landlord promptly of any other lien or encumbrance which has been created on or attached to the Premises or to Tenant's leasehold estate herein whether by act of Tenant or otherwise.

SECTION 43.04. Purpose of Mortgage.

(a) From the date hereof until the date of completion of construction of the Hotel as Certified by Landlord, a Mortgage shall be made only for the purposes of:

(i) short-term, interim or construction financing incurred to develop the Premises, acquire and install the Hotel Personal Property and to pay costs and expenses permitted by Section 43.05 hereof; or

(ii) interim, long-term or take-out financing of the completed development referred to in the foregoing clause (i) of subsection (a) above; or

(iii) long-term or permanent refinancing of the take-out loans referred to in the foregoing clause (ii) of this subsection; or

(iv) securing the rights of any guarantor against Tenant under any reimbursement agreement relating to a guarantee of the Disposition Agreement or this Lease.

(b) From the date of completion of construction of the Hotel as Certified by Landlord throughout the Term hereof, a Mortgage may be made for any purpose.

SECTION 43.05. Amount Secured. From the date hereof until the date of completion of construction as Certified by Landlord, the amount secured by a Mortgage shall not exceed amounts advanced by the lender to protect its security and the actual costs and expenses of developing the Hotel, including

costs and expenses for: planning, designing and constructing the Hotel; acquiring, installing, furnishing and equipping the Hotel with the required fixtures, furnishings, furniture, equipment, inventories, supplies and working capital; building, use and occupancy permits and licenses; premiums for fire, public liability and property damage insurance during construction; any required bonds securing work against liens for labor and material; real estate taxes and assessments upon the Premises or the Hotel during the period of construction; interest during the course of such construction in respect to monies borrowed in connection with the development as permitted hereby; architectural and engineering fees; accounting and attorneys' fees; charges and premiums for searching and insuring title; costs incurred by Tenant in connection with such financing and/or refinancing, including, without limitation, commitment fees, standby fees and fees of a like nature, printing and duplicating expenses, documentary transfer tax stamps, mortgage taxes and recording charges; pre-opening expenses incurred in advertising, promoting, marketing, staffing and testing the Hotel; and a developer fee to Tenant not to exceed three percent (3%) of the foregoing costs and expenses. Such costs and expenses shall not include: any charge, expense or allowance for the overhead (including office rental expense) and general and administrative expenses of Tenant and its partners in offices not located in San Francisco, California; any salary, other compensation and benefits to any of

the officers or employees of partners who own Tenant who are not (i) assigned to Tenant's project office in San Francisco, California or (ii) performing (x) services pursuant to the Technical Services Agreement, (y) legal services in connection with the negotiation, execution and delivery of this Lease, the Disposition Agreement and the initial Mortgage contemplated by Section 43.04(a) hereof or (z) pre-opening services with respect to any portions of time spent by such officers or employees on the initial construction; and, except as provided above in this Section, any fee or allowance to Tenant and its partners for profit in connection with the construction of the Hotel. The restrictions set forth in this Section 43.05 shall not apply after the date of completion of construction of the Hotel as Certified by Landlord.

SECTION 43.06. Interest Covered by Mortgage. The Mortgage shall cover no interest in any real property other than Tenant's interest in the Premises and Hotel or some portion thereof and any Subleases thereon. Any such Mortgage shall be without subordination of the title of Landlord in and to the Premises.

SECTION 43.07. Insurance and Condemnation Proceeds. The Mortgage shall contain provisions permitting the disposition and application of the insurance proceeds and condemnation awards in the manner provided in this Lease.

SECTION 43.08. Institutional Lender. Such Mortgage may be given only to (i) a responsible Bona Fide Institutional Lender, (ii) any other lender which shall have been approved by Landlord, or (iii) any guarantor of any obligations of Tenant under the Disposition Agreement or this Lease. In any instances in which Landlord's consent is so required, Landlord shall be deemed to have approved such other lender if the written notice from Tenant of the identity of such other lender specifies that no notification of disapproval within thirty (30) days after the receipt of such written notice constitutes approval, and Landlord sends no notification of disapproval within such period. In the event Landlord disapproves of such other lender, Landlord's notice shall specify the reasons for such disapproval.

SECTION 43.09. Rights Subject to Lease. All rights acquired by the Mortgagee under the Mortgage shall be subject to each and all of the covenants, conditions and restrictions set forth in this Lease, and to all rights of Landlord thereunder, none of which covenants, conditions and restrictions is or shall be waived by Landlord by reason of the giving of such Mortgage, except as expressly provided in this Section or otherwise specifically waived by Landlord in writing. Notwithstanding any of the provisions of this Lease, including, but not limited to, those representing covenants running with the Land, any Mortgagee, including any such Mortgagee who obtains title to the leasehold or any part thereof as a result of foreclosure

proceedings or action in lieu thereof, but not including (i) any other party who thereafter obtains title to the leasehold or such part from or through such Mortgagee, or (ii) any other purchaser at foreclosure sale (other than the Mortgagee itself), shall in no way be obligated by the provisions of this Lease to construct or complete the Hotel or to guarantee such construction or completion; provided, however, that nothing in this Section or any other Section or provision of this Lease shall be deemed or construed to permit or authorize any such holder to devote the Premises or any part thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided or authorized in the Disposition Agreement and the REA, as hereinafter amended or extended from time to time, and in this Lease.

SECTION 43.10. Required Provisions of Any Mortgage.

Tenant agrees to have any Mortgage provide:

(a) that the Mortgagee shall by registered or certified mail and in writing give notice to Landlord of the occurrence of any event of default under the Mortgage;

(b) that Landlord shall be given at least thirty (30) days' notice of default in debt service payments before such Mortgagee will initiate any Mortgage foreclosure action. If any payments of principal and/or interest required to be made under the provisions of the Mortgage shall not be performed which shall constitute a default thereunder, or if there is any other default

hereunder, Landlord may cure said default, provided Tenant is given ten (10) days' notice of Landlord's intention to cure such default. If Landlord shall elect to cure such default, Tenant shall pay the cost thereof to Landlord upon demand, together with the interest thereon at the Interest Rate, unless (i) Tenant shall cure such default within said ten (10)-day period, or (ii) if compliance requires more than ten (10) days and Tenant shall have commenced compliance within a reasonable time after such notice and shall have cured such default within thirty (30) days after commencing compliance, and Tenant shall obtain from the Mortgagee a written extension of time in which to cure such default, together with a separate written extension of time granting Landlord reasonable additional time to cure said default if said default is not cured within said extended time and executed copies thereof are delivered to Landlord. Tenant does hereby authorize Landlord, after reasonable written notice to Tenant, in Landlord's name without any obligation or duty either to do so, to do any act or thing required of or permitted to Tenant to prevent any default under said Mortgage or any acceleration thereof, or the taking of any foreclosure or other action to enforce the collection of the indebtedness, and Tenant agrees to indemnify and hold Landlord harmless from any costs, damages, expenses or liabilities (including attorneys' fees) resulting from Landlord's exercising its right pursuant to this Section; and

(c) that said Mortgage is subject to all the terms and provisions hereof.

SECTION 43.11. Address of Leasehold Mortgagee. No Mortgagee shall have the rights or benefits mentioned in this Article, nor shall the provisions of this Article be binding upon Landlord, unless and until the name and address of the Mortgagee shall have been delivered to Landlord, notwithstanding any other form of notice, actual or constructive.

SECTION 43.12. Mortgagee's Right to Cure. If Tenant, or Tenant's successors or assigns, shall mortgage this Lease in compliance with the provisions of this Article, then, so long as any such Mortgage shall remain unsatisfied of record the following provisions shall apply:

(a) Landlord, upon serving Tenant any notice of default or any other notice under the provisions of or with respect to this Lease, shall also serve a copy of such notice upon any Mortgagee, at the address provided for in Article 36 hereof, and no notice by Landlord to Tenant hereunder shall affect any rights of a Mortgagee unless and until a copy thereof has been so served to such Mortgagee.

(b) Any Mortgagee, in case Tenant shall be in default hereunder, whether or not such default has resulted in an Event of Default, shall have the right to remedy or cure such default or Event of Default, or cause the same to be cured or remedied within thirty (30) days after the expiration of the

period provided for Tenant to remedy or cure such default or Event of Default and otherwise as provided herein, and Landlord shall accept such performance by or at the instance of the Mortgagee as if the same had been timely made by Tenant; provided, however, that if the breach or default is with respect to construction of the Hotel, nothing contained in this Section or any other Section or provision of this Lease shall be deemed to permit or authorize such Mortgagee, either before or after foreclosure or action in lieu thereof, to undertake or continue the construction or completion of the Hotel, beyond the extent necessary to conserve or protect improvements or construction already made, without first having expressly assumed the obligation to Landlord, by written agreement satisfactory to Landlord, to complete, in the manner provided in this Lease, the Hotel on the Premises or the part thereof to which the lien or title of such Mortgagee relates, and submitted evidence satisfactory to Landlord that it has the qualifications and financial responsibility necessary to perform such obligation.

(c) Anything herein contained to the contrary notwithstanding, upon the occurrence of an Event of Default, other than an Event of Default due to a default in the payment of money or any other default reasonably susceptible of being cured prior to Mortgagee obtaining possession, Landlord shall take no action to effect a termination of this Lease without first giving to any Mortgagee written notice thereof and a reasonable time

thereafter within which either (i) to obtain possession of the mortgaged property (including possession by a receiver) or (ii) to institute, prosecute and complete foreclosure proceedings or otherwise acquire Tenant's interest under this Lease with diligence; provided that if any such default is reasonably susceptible of being cured at any time, Mortgagee shall commence and diligently prosecute such cure as a condition to Landlord's taking no action as set forth above. A Mortgagee, upon acquiring Tenant's interest under this Lease, shall be required promptly to cure all other defaults then reasonably susceptible of being cured by such Mortgagee other than a default by Tenant with respect to constructing the Hotel; provided, however, that: (i) such Mortgagee shall not be obligated to continue such possession or to continue such foreclosure proceedings after such defaults or Events of Default shall have been cured; (ii) nothing herein contained shall preclude Landlord, subject to the provisions of this Article, from exercising any rights or remedies under this Lease with respect to any other default or Event of Default by Tenant during the pendency of such foreclosure proceedings; and (iii) such Mortgagee shall agree with Landlord in writing to comply during the period of such forbearance with such of the terms, conditions and covenants of this Lease as are reasonably susceptible of being complied with by such Mortgagee. Such Mortgagee, or his designee, or other purchaser in foreclosure proceedings, may become the legal owner of the leasehold estate

of this Lease through such foreclosure proceedings or by assignment of this Lease in lieu of foreclosure.

(d) In the event of the termination of this Lease prior to the expiration of the Term, except by eminent domain or as the result of major damage or destruction during the last ten (10) years of the Term of this Lease, Landlord shall serve upon the Mortgagee written notice that this Lease has been terminated, together with a statement of any and all sums which would at that time be due under this Lease but for such termination, and of all other defaults, if any, under this Lease then known to Landlord. The most senior Mortgagee who requests a new lease within the thirty (30) days provided for in (i) below shall thereupon have the option to obtain a new lease in accordance with and upon the following terms and conditions:

(i) Upon the written request of the Mortgagee, within thirty (30) days after service of such notice that this Lease has been terminated, Landlord shall enter into a new lease of the Premises with the Mortgagee; and

(ii) Such new lease shall be entered into at the reasonable cost of the Mortgagee thereunder, shall be effective as at the date of termination of this Lease, and shall be for the remainder of the Term of this Lease and at the rent and upon all the agreements, terms, covenants and conditions hereof, including any applicable rights of renewal. Such new lease shall require the Mortgagee to perform any unfulfilled obligation of Tenant

under this Lease which is reasonably susceptible of being performed by such tenant other than obligations of Tenant with respect to construction of the Hotel. Upon the execution of such new lease, the Mortgagee shall pay any and all sums which would at the time of the execution thereof be due under this Lease but for such termination, and shall pay all expenses, including reasonable counsel fees, court costs and disbursements incurred by Landlord in connection with such defaults and termination, the recovery of possession of the Premises, and the preparation, execution and delivery of such new lease. Upon the execution of such new lease, Landlord shall allow to the Mortgagee, and such Mortgagee shall be entitled to, an adjustment in an amount equal to the net income derived by Landlord from the Premises during the period from the date of termination of this Lease to the date of execution of such new lease.

(e) Any notice or other communication which Landlord shall desire or is required to give to or serve upon the Mortgagee shall be in writing and shall be served by registered or certified mail, addressed to the holder at his address as set forth in such Mortgage or as otherwise delivered to Landlord pursuant to Section 43.11 hereof, or at such other address as shall be designated by the Mortgagee by notice in writing given to Landlord by registered or certified mail.

Any notice or other communication which the Mortgagee shall desire or is required to give to or serve upon

Landlord shall be deemed to have been duly given or served if (i) sent by registered mail addressed to Landlord at Landlord's address as set forth in Article 36 hereof or at such other addresses as shall be designated by Landlord by notice in writing given to Mortgagee by registered mail, and (ii) sent by registered mail to Landlord's mortgagees.

(f) Effective upon the commencement of the term of any new lease executed pursuant to subsection (d) of this Section, all subleases then in effect shall be assigned and transferred without recourse by Landlord to Mortgagee and all monies on deposit with Landlord which Tenant would have been entitled to use but for the termination or expiration of this Lease may be used by Mortgagee for the purposes of and in accordance with the provisions of such new lease.

(g) Anything herein contained to the contrary notwithstanding, the provisions of this Article shall inure only to the benefit of the holders of Mortgages which are permitted hereunder.

(h) No agreement between Landlord and Tenant modifying, cancelling or surrendering this Lease shall be effective without the prior written consent of any Mortgagee, which such consent may not be unreasonably withheld.

(i) No union of the interests of Landlord and Tenant herein shall result in a merger of this Lease in the fee interest, so long as any Mortgage shall be unsatisfied.

SECTION 43.13. Landlord's Purchase. Tenant shall use reasonable efforts to have any Mortgagee agree that:

(a) If any holder of a mortgage of Tenant's leasehold hereunder (including, but not limited to, any Mortgagee) shall acquire title to Tenant's interest in this Lease, by foreclosure of such holder's mortgage thereon or by assignment in lieu of foreclosure or enters into a new lease pursuant to Section 43.12(d) hereof:

(i) Landlord may, at any time within ninety (90) days after such acquisition or new lease, purchase such holder's, designee's or subsidiary's interest in this Lease or such new lease for an amount equal to the sum of (1) the amount secured by such mortgage and owing to such holder at the time of the foreclosure or execution of such new lease less all appropriate credits, including those resulting from collection and application of rentals received during foreclosure proceedings and (2) the fees and costs incurred by such holder in connection with such acquisition, and the mortgage or deed of trust between Tenant and the holder of such mortgage or deed of trust shall so provide; and

(ii) Prior to any permitted assignment of such interest by such holder, designee, or subsidiary, such holder, designee, or subsidiary shall offer to sell such interest to Landlord in a writing stating the terms of such sale, and Landlord shall have thirty (30) days within which to accept or

decline such offer, and the mortgage or deed of trust between Tenant and the holder of such mortgage or deed of trust shall so provide. If such offer is declined, such holder, designee or subsidiary may assign such interest to the extent permitted hereby within ninety (90) days thereafter, but only on terms not more favorable to its assignee than those offered to Landlord; if such an assignment is not consummated within such ninety (90)-day period, such holder, designee or subsidiary may not assign such interest (or such new lease) without first offering such interest (or such new lease) to Landlord as provided in this clause, and the mortgage or deed of trust between Tenant and the holder of such mortgage or deed of trust shall so provide.

(b) If upon foreclosure of a mortgage of Tenant's leasehold hereunder (including, but not limited to, any Mortgage), a party other than the holder thereof, or a designee or controlled subsidiary of such holder, shall acquire title to Tenant's interest in this Lease, Landlord may, at any time within ninety (90) days after such foreclosure, purchase such party's interest in this Lease for an amount equal to the sum of (1) the amount paid by such party to acquire such interest and (2) the fees and costs incurred by such party in connection with such acquisition, and the mortgage or deed of trust between Tenant and the holder of such mortgage or deed of trust shall so provide.

(c) Nothing contained in this Section 43.13 or failure of Tenant to obtain any Mortgagee's consent to the

provisions hereof shall in any way impair the lien of such Mortgage or restrict, limit or prohibit the rights of any Mortgagee under this Lease.

SECTION 43.14. Assignment by Mortgagee. Subject to Section 43.13 hereof, if any Mortgagee shall acquire title to Tenant's interest in this Lease, by foreclosure of a mortgage thereon or by assignment in lieu of foreclosure or under a new lease pursuant to this Article, such Mortgagee may assign this Lease or such new lease upon compliance with the provisions of Sections 16.02 and 16.03 hereof. Thereupon such Mortgagee shall be released from all liability for the performance or observance of the covenants and conditions contained in this Lease or such new lease on Tenant's part to be performed and observed from and after the date of such assignment, provided that Landlord shall receive an executed counterpart copy of such assignment, together with the name and address of the assignee.

ARTICLE 44

NON-DISCRIMINATION

SECTION 44.01. Non-Discrimination. There shall be no discrimination against or segregation of any person, or group of persons, on account of sexual orientation, sex, marital status, race, color, religion, creed, national origin or ancestry in the sublease (as permitted herein), use, occupancy, tenure or enjoyment of the Premises, or any part thereof, and Tenant itself (or

any person claiming under or through it) shall not establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of subtenants or sublessees of the Premises or any part thereof.

SECTION 44.02. Non-Discrimination and Nonsegregation.

The Tenant herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this Lease is made and accepted upon and subject to the following conditions: that there shall be no discrimination against or segregation of any person or group of persons on account of sexual orientation, sex, marital status, race, color, religion, creed, national origin or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Land herein leased nor shall the Tenant himself or herself, or any person claiming under or through him or her establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants or vendees in the Land herein leased.

All advertising (including signs) for rental of the whole or part of the Premises shall include the legend, "An Open Occupancy Building" in type or lettering of easily legible size and design. The word "Project" or "Development" may be

substituted for the word "Building" where circumstances require such substitution.

SECTION 44.03. Enforcement of Non-Discrimination Covenants. The covenants set forth in Sections 44.01 and 44.02 of this Lease shall also be for the benefit of the City and United States and enforceable against the Tenant, its successors and assigns to or of the Premises or any part thereof or interest therein and any party in possession or occupancy of the Premises or any part thereof. Such enforcement may include the maintenance of any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach of such covenants. Notwithstanding the foregoing, if there is a bona fide dispute between Tenant and Landlord and/or a third party concerning the application of said Section 44.01 and 44.02 and a final judgment is entered against Tenant in a judicial action or arbitration, Tenant shall not be deemed in default hereunder if Tenant promptly complies with such judgment.

SECTION 44.04. Affirmative Action After Completion of Improvements. Tenant shall comply or cause compliance with Exhibit I attached hereto. Notwithstanding the provisions of Articles 22, 23 and 24 hereof, Landlord's sole remedies for breach of this covenant shall be the remedies set forth in Exhibit I attached hereto.

ARTICLE 45

ATTORNEYS' FEES

SECTION 45.01. Attorneys' Fees Should any party hereto institute any action or proceeding in court or before an arbitrator to enforce any provision hereof or for damages by reason of an alleged breach of any provision of this Lease, the prevailing party shall be entitled to receive from the losing party, in addition to the court or arbitration costs incurred by the prevailing party, such amount as the court or arbitrator may adjudge to be reasonable attorneys' fees for the services rendered the prevailing party in such action or proceeding.

ARTICLE 46

RECORDING OF LEASE

SECTION 46.01. Recording of Lease. This Lease shall be recorded in the official records of the City and County of San Francisco, California.

ARTICLE 47

DEFINITION OF CERTAIN TERMS

SECTION 47.01. Definitions. The meanings of the following terms when used in this Lease shall be determined as follows:

Accounting Period shall mean the four (4)-week accounting period having the same beginning and ending date as Marriott Corporation's four (4)-week accounting period, except that an

Accounting Period may occasionally contain five (5) weeks when necessary to conform Tenant's accounting system to the calendar. Any interim period between the earlier of (x) the Opening Date and (y) the Target Date and the beginning of the first full Accounting Period thereafter or other partial accounting periods shall be referred to as the "Partial Accounting Period." If Marriott Corporation ceases to be the Manager hereunder, this definition shall be changed to be consistent with the accounting period of the new Manager. If the change of Manager and change of Accounting Period occurs on a date other than at the termination of an Accounting Period, an appropriate adjustment shall be made.

Additional Rent shall mean all sums (other than Net Rent) that may be or become payable by Tenant under any Section of this Lease.

Affiliate shall mean any partnership or corporation directly controlling, controlled by or under common control with the partnership or corporation in question.

Average Rent is defined in Section 13.04.

Basic Concept Drawings shall mean as defined in the Disposition Agreement.

Bona Fide Institutional Lender shall mean a bank, an insurance company, a savings and loan association, a governmental agency, a pension fund or a charitable organization regularly engaged in making real estate loans with assets of at least Five

Hundred Million Dollars (\$500,000,000), and shall include all loan participants of any such Bona Fide Institutional Lender.

Building shall mean the mixed-use, hotel and retail structure described in the Disposition Agreement as the "Hotel Building."

Building Structure shall mean the weight-bearing and all exterior portions of the Building, including the roof but not including windows.

Capital Improvement is defined in Section 10.01 hereof.

CB-1 Hotel Site is defined in Recital B hereof.

CB-2 Hotel Site is defined in Recital B hereof.

Center is defined in Recital C hereof.

Certified by Landlord shall mean issuance of a Certificate of Completion and Right to Occupy (as defined in the Disposition Agreement) with respect to any construction.

Construction Easement is defined in Section 41.05 hereof.

Date of Taking is defined in Section 13.02 hereof.

Disposition Agreement is defined in Recital C hereof.

Events of Default is defined in Section 21.01 hereof.

Extended Term is defined in Section 1.03 hereof.

15-Year Extended Term is defined in Section 1.03 hereof.

Fiscal Year shall mean, so long as Marriott Corporation or a wholly-owned subsidiary thereof is the Manager, the same period as Marriott's Fiscal Year, which now begins at 12:01 A.M.

on the first Saturday following the Friday closest to December 31 of each calendar year and shall consist of thirteen (13) Accounting Periods, thus providing a Fiscal Year of fifty-two (52) weeks, except that when appropriate (every five or six years) a Fiscal Year shall contain fifty-three (53) weeks. The first full Fiscal Year shall begin on the Saturday following the Friday closest to the first December 31st following the Opening Date. Any period between the Opening Date and the beginning of the first full Fiscal Year of the Initial Term, as well as any period between the last full Fiscal Year and the expiration or termination of this Lease, shall be considered a "Partial Fiscal Year." If Marriott's Fiscal Year is changed in the future, appropriate adjustments in this Lease's accounting and reporting procedures shall be made; provided, however, that no such change or adjustments shall in any way alter the Term of this Lease or in any way reduce or diminish the Rent due Landlord. If Marriott or a Marriott subsidiary is not the Manager of the Hotel, Fiscal Year shall be, at the option of Tenant, either the fiscal year of any subsequent manager or of Tenant.

Force Majeure shall mean events which shall result in delays in a party's performance of its obligations hereunder due primarily to causes beyond such party's control, including, but not restricted to, acts of God or of the public enemy, acts of the government (other than acts of government relating to the issuance of building permits), acts of the Other Party, fires,

floods, strikes, freight embargoes, and unusually severe weather, delays of subcontractors, and any delay resulting from a defect in Landlord's title to the Land. An event of Force Majeure does not include the failure to obtain financing or otherwise a party's failure to have adequate funds.

Gross Other Sales is defined in Section 2.02(b) hereof.

Gross Room Sales is defined in Section 2.02(c) hereof.

Gross Food and Beverage Sales is defined in Section 2.02(a) hereof.

Guest Rooms shall mean each of the rooms in the Hotel which are available for occupancy by Hotel guests for overnight accommodations and which are separately "keyed" (for instance, a "suite" can contain more than one room module, but since the rooms of such suite are not individually keyed and extended, therefore, for separate lettings the suite will be deemed a single Guest Room).

Holding Rent is defined in Section 2.02(d) hereof.

Hotel shall mean any building and improvements, fixtures, signs and any renewals and replacements thereof, placed in or upon or attached to the Premises by Tenant during the Term of this Lease, any rooms, swimming pools, any and all asphalt or concrete paved driveways and parking areas located under or upon the Premises, including, but not limited to, the meeting rooms to be constructed in the CB-2 Hotel Site, the parking to be constructed under the CB-1 Hotel Site and the passageway to be

constructed in the easement described in Exhibit D attached hereto any and all fixtures (other than trade fixtures), plants, furnaces, boilers, machinery, elevators, escalators, dumbwaiters, fittings, pipings, conduits, ducts, partitions, fuel and oil pumps, tanks, lines and equipment, vehicle hoists and cranes, window screens, and all other equipment and apparatus of every kind and description now or hereafter permanently affixed or attached to any such building now or hereafter used or procured for use in connection with the heating, cooling, lighting, plumbing, ventilation or air conditioning of any such building, together with any and all renewals and replacements of, additions to and substitutions for any such building or any of the above-referred-to property made by Tenant.

Impositions is defined in Section 4.01 hereof.

Indexed shall mean whenever any amount is referred to in this Lease as being "Indexed" such amount or amounts shall be adjusted every five years on the anniversary date of this Lease using as an index for such adjustment the Composite Construction Cost Index (Monthly) for the San Francisco area, as published in the U.S. Department of Commerce "Survey of Current Business." If this index is discontinued or revised during the term of this Lease, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the said index or computation had not been discontinued or revised.

Initial Term is defined in Section 1.02 hereof.

Interest Rate is defined in Section 2.08 hereof.

Joint Management Areas shall mean those portions and elements of the Building in which both the Retail Parcels and the Premises have rights of use and include by way of illustration but not limiting the jointly-used life safety system, security systems and utility system, the Building Structure, exterior windows, curtain walls and stairwells.

Joint Management Area Costs shall mean all reasonable costs and expenses, including taxes not separately assessed, incurred in connection with the maintenance and operation of the Joint Management Areas.

Land shall mean the CB-1 Hotel Site, the CB-2 Hotel site, and the easement described in Exhibit D attached hereto.

Landlord shall mean lessor, these terms being mutually interchangeable, but these terms are restricted to mean only the owner for the time being of the Land.

Landlord's Improvements shall mean certain improvements from time to time which are developed by Landlord or others on or over that portion of the Premises with respect to which Landlord has reserved an easement, support, access and user rights pursuant to Section 41.01 and Section 41.03 hereof and shall include any "Subsequent Construction" thereof as such term is defined in the Reciprocal Easement Agreement.

Laws and Ordinances or Laws or Ordinances shall mean all present and future applicable laws, ordinances, rules, regulations, permits, authorizations, orders and requirements, including, without limitation, all consents or approvals required to be obtained from, and all rules and regulations of, and all building and zoning laws of, all federal, state, county and municipal governments, the departments, bureaus, agencies or commissions thereof, authorities, board or officers, any national or local board of fire underwriters, or any other body or bodies exercising similar functions, having or acquiring jurisdiction of, or which may affect or be applicable to the Premises or any part thereof, including, without limitation, any vault space, sidewalks, curbs or alleyways, use thereof and the buildings and improvements thereon, and similarly the phrase "Law and Ordinance" shall be construed to mean the same as the above in the singular as well as the plural. The foregoing shall not include any such as promulgated by Landlord, so long as Landlord is the San Francisco Redevelopment Agency and is not the City and County of San Francisco.

Lease shall mean this Lease and the leasehold estate created hereby.

Major Damage is defined in Section 12.02 hereof.

Manager is defined in Section 18.02 hereof.

Management Agreement is defined in Section 18.02 hereof.

Minimum Rent is defined in Section 2.02(e) hereof.

Minor Encroachment shall mean any encroachment which does not extend a distance greater than two (2) feet on or above grade level and five (5) feet below grade level outward from any border of any portion of either the Premises or the Retail Parcels and which does not materially interfere with the use and operation or impair the structural or architectural integrity of the Premises or the Retail Parcels.

Mitigation Measures is defined in Section 9.01 hereof.

Mortgage shall mean a mortgage or deed of trust fulfilling the requirements of Article 43 hereof.

Mortgage Payments shall mean the payments of principal, interest or other compensation to the Mortgagee which are required to be paid under the Mortgage.

Mortgagee shall mean the holder of a Mortgage.

Net Awards and Payments is defined in Section 13.04 hereof.

Net Rent is defined in Section 2.01 hereof.

Occupant shall mean a Subtenant, licensee or concessionaire occupying or using any one or more of the Retail Parcels.

Opening Date is defined in Section 2.02(f) hereof.

Operating Sublease is defined in Section 16.01(f) hereof.

Operating Subtenant is defined in Section 16.08(b) hereof.

Other Party is defined in Section 21.01(e) hereof.

Other Lease is defined in Section 2.11 hereof.

Parcel shall mean either or both of the Premises or the Retail Parcels.

Partial Taking is defined in Section 13.03 hereof.

Party shall mean either or both of Landlord and Tenant.

Pass Through Rentals shall mean rent received from Pass Through Subtenants.

Pass Through Subtenants is defined in Section 2.02(b) hereof.

Pass Through Sublease means a Sublease with a Pass Through Subtenant.

Percentage Rent is defined in Section 2.05 hereof.

Permitted Exceptions is defined in Section 1.01 hereof.

Personal Property is defined in Section 3.02 hereof.

Premises shall mean collectively the Land and the Hotel, and all other buildings and improvements on or under the Land, excepting therefrom, however, the Retail Areas referred to in Section 41.03 hereof.

Proportionate Share shall mean a fair and equitable allocation between the Premises, on the one hand, and the Retail Parcels, on the other hand, of the matters to be allocated under the applicable provision of this Lease. Such allocation shall be based upon the respective benefits enjoyed by the Premises and the Retail Parcels and shall take into consideration, among other

things of similar import, respective square footages, cubic footages, hours of use and volumes of use with respect to the matter to be allocated. The Proportionate Share of a matter to be allocated shall first be determined by Tenant through the services of an appraiser, engineer or someone else technically competent to make such determination. Any dispute regarding the allocation shall be submitted to arbitration. Landlord shall have thirty (30) days after receipt of such a determination from Tenant to commence arbitration with respect to the same under the provisions of Section 31.01 hereof if Landlord disputes the same. The determination of the arbitrator or arbitrators shall be final and conclusive upon the Parties hereto. If Landlord fails to commence said arbitration as aforesaid, the determination of Tenant as to allocation shall be binding. In the event of such arbitration Landlord shall not be deemed in default for failure to pay the Proportionate Share which has been supplied to the arbitrator until it fails to pay in accordance with the final arbitration award for the fifteen (15) days after such final determination.

REA shall mean that certain declaration of conditions, covenants, easements and restrictions attached as Attachment 16 to the Disposition Agreement to be recorded against a portion of the Site.

Redevelopment Plan is defined in the Disposition Agreement.

Restoration is defined in Section 12.02 hereof.

Retail Parcel is defined in Section 41.03 hereof.

Retail Shell is defined in Section 41.03 hereof.

Schedule of Performance is referred to in Recital C

hereof.

Scope of Development is referred to in Recital C hereof.

Significant Change is defined in Section 16.01(a)

hereof.

Site is defined in Recital B hereof.

Special Assessment is defined in Section 41.03.07(c)

hereof.

Subleases is defined in Section 16.01(b) hereof.

Substantial Capital Improvement is defined in Section

10.01 hereof.

Substantial Sublease is defined in Section 16.01(d)

hereof.

Substantial Subtenant is defined in Section 16.01(e)

hereof.

Subtenants is defined in Section 16.01(c) hereof.

Supports shall mean the load-bearing walls of the

Building and foundations, collectively.

Support Facilities shall mean such Tenant's columns,

supports, foundations, footings, drains, utility lines, elevator shaft and pits and such other facilities located on the Premises

which, in addition to accommodating Tenant's Hotel building, will accommodate Landlord's Improvements.

Taking is defined in Section 13.01 hereof.

Target Date is defined in Section 2.02(g) hereof.

Tenant shall mean any party in possession of the Premises, either physically or in legal effect, pursuant to the terms of this Lease, either as a signatory hereto or as an assignee hereof, and shall be deemed to include the plural.

Term shall mean the Initial Term plus each Extended Term.

Term of this Lease or words of similar import shall mean the Term and any Extended Term that becomes effective.

T-Bill Rate is defined in Section 13.04(b) hereof.

30-Year Extended Term is defined in Section 1.03 hereof.

Total Taking is defined in Section 13.02 hereof.

Tunnel is defined in Recital B hereof.

Utilities Facilities is defined in Section 41.02(c)(v) hereof.

//

//

//

//

//

//

//

IN WITNESS WHEREOF, the parties hereto have executed
this Lease as of the day and year first above written.

LANDLORD:

THE REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN
FRANCISCO

By _____

TENANT:
YBG ASSOCIATES

ATTEST:

By: OLYMPIA & YORK CALIFORNIA
EQUITIES CORP., Its
General Partner

By _____

Its _____

ATTEST:

By: MARRIOTT CORPORATION, Its
General Partner

By _____
Its Vice President

Assistant Secretary

Exhibits to Hotel Lease

| | |
|-------------|------------------------------|
| Exhibit A | Description of Site |
| Exhibit B | CB-1 Hotel Site |
| Exhibit B-1 | Portion of CB-1 Hotel Site |
| Exhibit C | CB-2 Hotel Site |
| Exhibit D | Tunnel |
| Exhibit E | Permitted Exceptions |
| Exhibit F | Pass Through Subtenant Uses |
| Exhibit G | Form of Accounting Statement |
| Exhibit H | Liens on Personal Property |
| Exhibit I | Affirmative Action Program |
| Exhibit J | Mitigation Measures |
| Exhibit K | Site Plan Showing Easements |

EXHIBIT A TO ATTACHMENT NO. 7A

(HOTEL LEASE)

LEGAL DESCRIPTION OF CB-1 AND

CB-2 REAL PROPERTY

LEGAL DESCRIPTION

ALL OF THE REAL PROPERTY SITUATE IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

NOTE 1: ALL ELEVATIONS HEREINAFTER MENTIONED REFER TO CITY AND COUNTY OF SAN FRANCISCO DATUM.

CENTRAL BLOCK 1:

ALL THAT REAL PROPERTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHWESTERLY LINE OF MISSION STREET WITH THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE NORTHEASTERLY ALONG SAID LINE OF MISSION STREET 304.85 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 160.052 FEET TO THE SOUTHEASTERLY LINE OF JESSIE STREET; THENCE AT A RIGHT ANGLE NORTHEASTERLY ALONG SAID LINE OF JESSIE STREET 34.15 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 0.76 FEET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 100.547 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 160.812 FEET TO THE NORTHWESTERLY LINE OF MISSION STREET; THENCE AT A RIGHT ANGLE NORTHEASTERLY ALONG SAID LINE OF MISSION STREET 239.407 FEET TO A POINT DISTANT THEREON 147 FEET SOUTHWESTERLY FROM THE SOUTHWESTERLY LINE OF THIRD STREET; THENCE NORTHWESTERLY AT A RIGHT ANGLE TO THE NORTHWESTERLY LINE OF MISSION STREET 105.167 FEET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 147 FEET TO THE SOUTHWESTERLY LINE OF THIRD STREET; THENCE AT A RIGHT ANGLE NORTHWESTERLY ALONG SAID LINE OF THIRD STREET 55.056 FEET TO A POINT DISTANT THEREON 185 FEET SOUTHEASTERLY FROM THE SOUTHEASTERLY LINE OF STEVENSON STREET; THENCE SOUTHWESTERLY AT A RIGHT ANGLE TO SAID LINE OF THIRD STREET 220 FEET TO THE SOUTHEASTERLY PROLONGATION OF THE SOUTHWESTERLY LINE OF STEVENSON STREET; THENCE AT A RIGHT ANGLE NORTHWESTERLY ALONG THE SOUTHEASTERLY PROLONGATION OF SAID SOUTHWESTERLY LINE OF STEVENSON STREET AND ALONG SAID LINE OF STEVENSON STREET, A TOTAL DISTANCE OF 115 FEET TO THE SOUTHEASTERLY LINE OF STEVENSON STREET; THENCE ALONG THE COURSES AND DISTANCES FOLLOWING THE SOUTHERLY LINES OF STEVENSON STREET: SOUTHWESTERLY 65.241 FEET; WESTERLY 35.355 FEET; NORTHWESTERLY 45 FEET; SOUTHWESTERLY 25.083 FEET TO THE SOUTHWESTERLY LINE OF STEVENSON STREET; THENCE NORTHWESTERLY ALONG SAID SOUTHWESTERLY LINE OF STEVENSON STREET AND ALONG THE NORTHWESTERLY PROLONGATION OF SAID LINE OF STEVENSON STREET A TOTAL DISTANCE OF 105 FEET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 10.083 FEET TO A POINT DISTANT 325.241 FEET SOUTHWESTERLY AT A RIGHT ANGLE TO THE SOUTHWESTERLY LINE OF THIRD STREET; THENCE NORTHWESTERLY PARALLEL WITH THE SOUTHWESTERLY LINE OF THIRD STREET 100 FEET TO THE SOUTHEASTERLY LINE OF MARKET STREET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY ALONG SAID LINE OF MARKET STREET 350.602 FEET TO A POINT DISTANT THEREON 150.111 FEET NORTHEASTERLY FROM THE NORTHEASTERLY LINE OF FOURTH STREET, SAID POINT BEING ON THE NORTHWESTERLY PROLONGATION OF THE SOUTHWESTERLY LINE OF STEVENSON STREET; THENCE SOUTHEASTERLY ALONG THE NORTHWESTERLY PROLONGATION OF SAID LINE OF STEVENSON STREET AND ALONG SAID LINE OF STEVENSON STREET AND ALSO ALONG THE SOUTHEASTERLY PROLONGATION OF SAID LINE OF STEVENSON STREET, A TOTAL DISTANCE OF 205 FEET TO THE SOUTHEASTERLY LINE OF STEVENSON STREET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY ALONG SAID LINE OF STEVENSON STREET 150.111 FEET TO THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY ALONG SAID LINE OF FOURTH STREET 345.223 FEET TO THE POINT OF BEGINNING.

BEING A PORTION OF 100 VARA BLOCK NO. 362 AND PORTIONS OF OPERA ALLEY, JESSIE STREET AND STEVENSON STREET.

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCEL

ALL THAT REAL PROPERTY ABOVE A HORIZONTAL PLANE AT ELEVATION 26 FEET, BOUNDED BY PLANES PROJECTED VERTICALLY ABOVE THE LIMITS OF CERTAIN LAND DESCRIBED AS FOLLOWS:

BEGINNING ON THE SOUTHEASTERLY LINE OF STEVENSON STREET AT A POINT DISTANT THEREON 150.111 FEET NORTHEASTERLY FROM THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE NORTHWESTERLY PARALLEL WITH THE NORTHEASTERLY LINE OF FOURTH STREET, A DISTANCE OF 90 FEET TO THE NORTHWESTERLY LINE OF STEVENSON STREET; THENCE AT A RIGHT ANGLE NORTHEASTERLY ALONG SAID LINE OF STEVENSON STREET 35 FEET TO THE NORTHEASTERLY LINE OF STEVENSON STREET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY ALONG SAID LINE OF STEVENSON STREET 90 FEET TO THE SOUTHEASTERLY LINE OF STEVENSON STREET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY ALONG SAID LINE OF STEVENSON STREET 35 FEET TO THE POINT OF BEGINNING.

BEING A PORTION OF STEVENSON STREET.

LEGAL DESCRIPTION

ALL OF THE REAL PROPERTY SITUATE IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

NOTE 1: ALL ELEVATIONS HEREINAFTER MENTIONED REFER TO CITY AND COUNTY OF SAN FRANCISCO DATUM.

CENTRAL BLOCK 2:

PARCEL ONE:

ALL THAT REAL PROPERTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHWESTERLY LINE OF HOWARD STREET WITH THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE NORTHWESTERLY ALONG SAID LINE OF FOURTH STREET 550.25 FEET TO THE SOUTHEASTERLY LINE OF MISSION STREET; THENCE AT A RIGHT ANGLE NORTHEASTERLY ALONG SAID LINE OF MISSION STREET 825.954 FEET TO THE SOUTHWESTERLY LINE OF THIRD STREET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY ALONG SAID LINE OF THIRD STREET 550.25 FEET TO THE NORTHWESTERLY LINE OF HOWARD STREET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY ALONG SAID LINE OF HOWARD STREET 825.954 FEET TO THE POINT OF BEGINNING.

BEING ALL OF 100 VARA BLOCK NO. 363 AND PORTIONS OF MINNA STREET AND NATOMA STREET, VACATED BY RESOLUTION NO. 672-71 AND RESOLUTION NO. 106-75, ADOPTED NOVEMBER 29, 1971 AND FEBRUARY 3, 1975, RESPECTIVELY, BY THE BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA.

PARCEL TWO:

PEDESTRIAN TUNNEL BELOW MISSION STREET

ALL THAT REAL PROPERTY BETWEEN TWO HORIZONTAL PLANES, ONE AT ELEVATION 4 FEET AND THE OTHER AT ELEVATION 19 FEET. THIS REAL PROPERTY IS BOUNDED BY VERTICAL PLANES WHICH EXTEND BETWEEN THE AFORESAID HORIZONTAL PLANES, THE LIMITS OF SAID VERTICAL PLANES BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING ON THE SOUTHEASTERLY LINE OF MISSION STREET AT A POINT DISTANT THEREON 170 FEET NORTHEASTERLY FROM THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE NORTHWESTERLY AT A RIGHT ANGLE TO SAID LINE OF MISSION STREET 82.50 FEET TO THE NORTHWESTERLY LINE OF MISSION STREET; THENCE AT A RIGHT ANGLE NORTHEASTERLY ALONG SAID LINE OF MISSION STREET 46 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 82.50 FEET TO THE SOUTHEASTERLY LINE OF MISSION STREET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY ALONG SAID LINE OF MISSION STREET 46 FEET TO THE POINT OF BEGINNING.

BEING A PORTION OF SUBSURFACE AREA OF MISSION STREET.



EXHIBIT B TO ATTACHMENT NO. 7A

(HOTEL LEASE)

LEGAL DESCRIPTION OF CB-1 HOTEL SITE

LEGAL DESCRIPTION

ALL OF THE REAL PROPERTY SITUATE IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

NOTE 1: ALL ELEVATIONS HEREINAFTER MENTIONED REFER TO CITY AND COUNTY OF SAN FRANCISCO DATUM.

CB 1 HOTEL PARCEL

LEVELS A, B, C, D, E AND F

ALL THAT REAL PROPERTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHWESTERLY LINE OF MISSION STREET WITH THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE NORTHEASTERLY ALONG SAID LINE OF MISSION STREET 304.85 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 160.052 FEET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 3.863 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 291.671 FEET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY 44.713 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 98.50 FEET TO THE SOUTHEASTERLY LINE OF MARKET STREET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY ALONG SAID LINE OF MARKET STREET 113.889 FEET TO A POINT DISTANT THEREON 150.111 FEET NORTHEASTERLY FROM THE NORTHEASTERLY LINE OF FOURTH STREET, SAID POINT BEING ON THE NORTHWESTERLY PROLONGATION OF THE SOUTHWESTERLY LINE OF STEVENSON STREET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY ALONG THE NORTHWESTERLY PROLONGATION OF SAID LINE OF STEVENSON STREET AND ALONG SAID LINE OF STEVENSON STREET AND ALSO ALONG THE SOUTHEASTERLY PROLONGATION OF SAID LINE OF STEVENSON STREET, A TOTAL DISTANCE OF 205 FEET TO THE SOUTHEASTERLY LINE OF STEVENSON STREET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY ALONG SAID LINE OF STEVENSON STREET 150.111 FEET TO THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY ALONG SAID LINE OF FOURTH STREET 345.223 FEET TO THE POINT OF BEGINNING.

BEING A PORTION OF 100 VARA BLOCK NO. 362 AND PORTIONS OF STEVENSON AND JESSIE STREETS.

EXCEPTING THEREFROM:

ALL THAT REAL PROPERTY ABOVE A HORIZONTAL PLANE AT ELEVATION 24.0 FEET, BOUNDED BY PLANES PROJECTED VERTICALLY ABOVE THE LIMITS OF CERTAIN LAND DESCRIBED AS FOLLOWS:

BEGINNING ON THE NORTHWESTERLY LINE OF MISSION STREET AT A POINT DISTANT THEREON 254 FEET NORTHEASTERLY FROM THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE NORTHEASTERLY ALONG SAID LINE OF MISSION STREET 50.85 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 160.052 FEET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 3.863 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 247.171 FEET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY 54.713 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 407.223 FEET TO THE POINT OF BEGINNING.

BEING A PORTION OF 100 VARA BLOCK NO. 362.

ALSO EXCEPTING THEREFROM:

ALL THAT REAL PROPERTY ABOVE A HORIZONTAL PLANE AT ELEVATION 34.0 FEET, BOUNDED BY PLANES PROJECTED VERTICALLY ABOVE THE LIMITS OF CERTAIN LAND DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHWESTERLY LINE OF MISSION STREET WITH THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE NORTHEASTERLY ALONG SAID LINE OF MISSION STREET 308.713 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 407.223 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTHWESTERLY PERPENDICULAR TO THE NORTHWESTERLY LINE OF MISSION STREET 44.50 FEET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY 54.713 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 44.50 FEET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 54.713 FEET TO THE TRUE POINT OF BEGINNING.

BEING A PORTION OF 100 VARA BLOCK NO. 362.

ALSO EXCEPTING THEREFROM:

ALL THAT REAL PROPERTY ABOVE A HORIZONTAL PLANE AT ELEVATION 26 FEET, BOUNDED BY PLANES PROJECTED VERTICALLY ABOVE THE LIMITS OF CERTAIN LAND DESCRIBED AS FOLLOWS:

BEGINNING ON THE SOUTHEASTERLY LINE OF STEVENSON STREET AT A POINT DISTANT THEREON 150.111 FEET NORTHEASTERLY FROM THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE NORTHWESTERLY PARALLEL WITH THE NORTHEASTERLY LINE OF FOURTH STREET, A DISTANCE OF 90 FEET TO THE NORTHWESTERLY LINE OF STEVENSON STREET; THENCE AT A RIGHT ANGLE NORTHEASTERLY ALONG SAID LINE OF STEVENSON STREET 35 FEET TO THE NORTHEASTERLY LINE OF STEVENSON STREET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY ALONG SAID LINE OF STEVENSON STREET 90 FEET TO THE SOUTHEASTERLY LINE OF STEVENSON STREET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY ALONG SAID LINE OF STEVENSON STREET 35 FEET TO THE POINT OF BEGINNING.

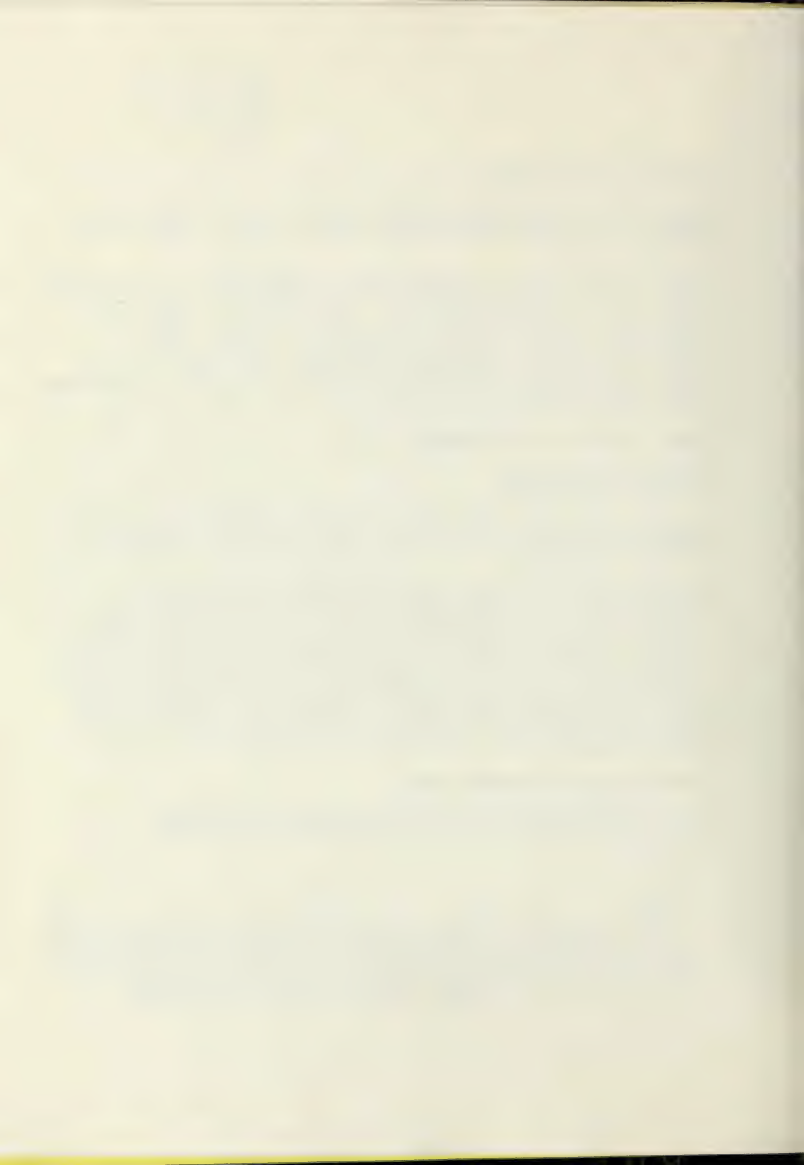
BEING A PORTION OF STEVENSON STREET.

ALSO EXCEPTING THEREFROM THE FOLLOWING 8 RETAIL (HOTEL) PARCELS:

LEVEL B

CB1:R1B

ALL THAT REAL PROPERTY BETWEEN TWO HORIZONTAL PLANES, ONE AT ELEVATION 14.0 FEET AND THE OTHER AT ELEVATION 34.0 FEET. THIS SPACE IS BOUNDED BY VERTICAL PLANES WHICH EXTEND BETWEEN THE AFORESAID HORIZONTAL PLANES, THE LIMITS OF SAID VERTICAL PLANES BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:



BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHWESTERLY LINE OF MISSION STREET WITH THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE NORTHEASTERLY ALONG SAID LINE OF MISSION STREET 308.713 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 407.223 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTHWESTERLY PERPENDICULAR TO THE NORTHWESTERLY LINE OF MISSION STREET 44.50 FEET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY 44.713 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 98.50 FEET TO THE SOUTHEASTERLY LINE OF MARKET STREET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY ALONG SAID LINE OF MARKET STREET 113.889 FEET TO A POINT DISTANT THEREON 150.111 FEET NORTHEASTERLY FROM THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE SOUTHEASTERLY PARALLEL WITH THE NORTHEASTERLY LINE OF FOURTH STREET 58 FEET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 50 FEET; THENCE EASTERLY 33.60 FEET TO A POINT DISTANT 465.223 FEET NORTHWESTERLY AT A RIGHT ANGLE TO THE NORTHWESTERLY LINE OF MISSION STREET AND DISTANT 220.111 FEET NORTHEASTERLY AT A RIGHT ANGLE TO THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE SOUTHEASTERLY PARALLEL WITH THE NORTHEASTERLY LINE OF FOURTH STREET 30 FEET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 10.602 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 28 FEET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 78 FEET TO THE TRUE POINT OF BEGINNING.

BEING A PORTION OF 100 VARA BLOCK NO. 362.

LEVEL C

CB1:R1C

ALL THAT REAL PROPERTY BETWEEN TWO HORIZONTAL PLANES, ONE AT ELEVATION 24.0 FEET AND THE OTHER AT ELEVATION 43.0 FEET. THIS SPACE IS BOUNDED BY VERTICAL PLANES WHICH EXTEND BETWEEN THE AFORESAID HORIZONTAL PLANES, THE LIMITS OF SAID VERTICAL PLANES BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHWESTERLY LINE OF MISSION STREET WITH THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE NORTHEASTERLY ALONG SAID LINE OF MISSION STREET 225.33 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 189.223 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTHWESTERLY PERPENDICULAR TO THE NORTHWESTERLY LINE OF MISSION STREET 83 FEET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY 20.219 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 135 FEET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 48.889 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 218 FEET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY 28.67 FEET TO THE TRUE POINT OF BEGINNING.

CB1:R2C

ALL THAT REAL PROPERTY BETWEEN TWO HORIZONTAL PLANES, ONE AT ELEVATION 24.0 FEET AND THE OTHER AT ELEVATION 43.0 FEET. THIS SPACE IS BOUNDED BY VERTICAL PLANES WHICH EXTEND BETWEEN THE AFORESAID HORIZONTAL PLANES, THE LIMITS OF SAID VERTICAL PLANES BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING ON THE NORTHWESTERLY LINE OF MISSION STREET AT A POINT DISTANT THEREON 164 FEET NORTHEASTERLY FROM THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE NORTHWESTERLY AT A RIGHT ANGLE TO THE NORTHWESTERLY LINE OF MISSION STREET 29 FEET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 45 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 136 FEET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 45 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 165 FEET TO THE NORTHWESTERLY LINE OF MISSION STREET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY ALONG SAID LINE OF MISSION STREET 90 FEET TO THE POINT OF BEGINNING.

CB1:R3C

ALL THAT REAL PROPERTY BETWEEN TWO HORIZONTAL PLANES, ONE AT ELEVATION 24.0 FEET AND THE OTHER AT ELEVATION 34.0 FEET. THIS SPACE IS BOUNDED BY VERTICAL PLANES WHICH EXTEND BETWEEN THE AFORESAID HORIZONTAL PLANES, THE LIMITS OF SAID VERTICAL PLANES BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHWESTERLY LINE OF MISSION STREET WITH THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE NORTHEASTERLY ALONG SAID LINE OF MISSION STREET 185.111 FEET TO THE SOUTHEASTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF STEVENSON STREET; THENCE AT A RIGHT ANGLE NORTHWESTERLY ALONG THE SOUTHEASTERLY PROLONGATION OF SAID LINE OF STEVENSON STREET, A DISTANCE OF 309.223 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTHWESTERLY CONTINUING ALONG THE SOUTHEASTERLY PROLONGATION OF SAID LINE OF STEVENSON STREET AND ALONG SAID LINE OF STEVENSON STREET, A DISTANCE OF 126 FEET TO THE NORTHWESTERLY LINE OF STEVENSON STREET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 45.602 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 28 FEET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY 25.602 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 98 FEET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY 20 FEET TO THE TRUE POINT OF BEGINNING.

LEVEL D

CB1:R1D

ALL THAT REAL PROPERTY BETWEEN TWO HORIZONTAL PLANES, ONE AT ELEVATION 34.0 FEET AND THE OTHER AT ELEVATION 52.0 FEET. THIS SPACE IS BOUNDED BY VERTICAL PLANES WHICH EXTEND BETWEEN THE AFORESAID HORIZONTAL PLANES, THE LIMITS OF SAID VERTICAL PLANES BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHWESTERLY LINE OF MISSION STREET WITH THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE NORTHEASTERLY ALONG SAID LINE OF MISSION STREET 185.111 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 496.223 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTHWESTERLY PERPENDICULAR TO THE NORTHWESTERLY LINE OF MISSION STREET 27 FEET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY 35 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 57 FEET; THENCE NORTHERLY A DISTANCE OF 46.10 FEET TO THE TRUE POINT OF BEGINNING.

CB1:R2D

ALL THAT REAL PROPERTY BETWEEN TWO HORIZONTAL PLANES, ONE AT ELEVATION 34.0 FEET AND THE OTHER AT ELEVATION 52.0 FEET. THIS SPACE IS BOUNDED BY VERTICAL PLANES WHICH EXTEND BETWEEN THE AFORESAID HORIZONTAL PLANES, THE LIMITS OF SAID VERTICAL PLANES BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHWESTERLY LINE OF MISSION STREET WITH THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE NORTHEASTERLY ALONG SAID LINE OF MISSION STREET 205.111 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 407.223 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTHWESTERLY PERPENDICULAR TO THE NORTHWESTERLY LINE OF MISSION STREET 59 FEET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY 5 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 30 FEET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 24 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 28 FEET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 20 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 20 FEET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY 12 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 41 FEET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY 27 FEET TO THE TRUE POINT OF BEGINNING.

LEVEL E

CBI:R1E

ALL THAT REAL PROPERTY BETWEEN TWO HORIZONTAL PLANES, ONE AT ELEVATION 43.0 FEET AND THE OTHER AT ELEVATION 61.5 FEET. THIS SPACE IS BOUNDED BY VERTICAL PLANES WHICH EXTEND BETWEEN THE AFORESAID HORIZONTAL PLANES, THE LIMITS OF SAID VERTICAL PLANES BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHWESTERLY LINE OF MISSION STREET WITH THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE NORTHEASTERLY ALONG SAID LINE OF MISSION STREET 225.33 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 187.223 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTHWESTERLY PERPENDICULAR TO THE NORTHWESTERLY LINE OF MISSION STREET 83 FEET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY 20.219 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 137 FEET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 48.889 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 220 FEET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY 28.67 FEET TO THE TRUE POINT OF BEGINNING.

CBI:R2E

ALL THAT REAL PROPERTY BETWEEN TWO HORIZONTAL PLANES, ONE AT ELEVATION 43.0 FEET AND THE OTHER AT ELEVATION 61.5 FEET. THIS SPACE IS BOUNDED BY VERTICAL PLANES WHICH EXTEND BETWEEN THE AFORESAID HORIZONTAL PLANES, THE LIMITS OF SAID VERTICAL PLANES BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING ON THE NORTHWESTERLY LINE OF MISSION STREET AT A POINT DISTANT THEREON 179 FEET NORTHEASTERLY FROM THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE NORTHWESTERLY AT A RIGHT ANGLE TO THE NORTHWESTERLY LINE OF MISSION STREET 110 FEET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 75 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 110 FEET TO THE NORTHWESTERLY LINE OF MISSION STREET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY ALONG SAID LINE OF MISSION STREET 75 FEET TO THE POINT OF BEGINNING.

EACH OF THE ABOVE 8 RETAIL PARCELS BEING A PORTION OF 100 VARA BLOCK NO. 362.

EXHIBIT B-1 TO ATTACHMENT NO. 7A

(HOTEL LEASE)

LEGAL DESCRIPTION OF CB1 HOTEL PARCEL TOE

LEGAL DESCRIPTION

ALL THE REAL PROPERTY SITUATE IN THE CITY AND COUNTY OF SAN FRANCISCO,
STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

NOTE 1: ALL ELEVATIONS HEREINAFTER MENTIONED REFER TO CITY AND COUNTY OF
SAN FRANCISCO DATUM.

CB1 HOTEL PARCEL TOE

LEVELS A AND B

ALL THAT REAL PROPERTY BELOW A HORIZONTAL PLANE AT ELEVATION 24.0 FEET,
BOUNDED BY PLANES PROJECTED VERTICALLY BELOW THE LIMITS OF CERTAIN LAND
DESCRIBED AS FOLLOWS:

BEGINNING ON THE NORTHWESTERLY LINE OF MISSION STREET AT A POINT DISTANT
THEREON 254 FEET NORTHEASTERLY FROM THE NORTHEASTERLY LINE OF FOURTH STREET;
THENCE NORTHEASTERLY ALONG SAID LINE OF MISSION STREET 50.85 FEET; THENCE
AT A RIGHT ANGLE NORTHWESTERLY 160.052 FEET; THENCE AT A RIGHT ANGLE NORTH-
EASTERLY 3.863 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 247.171 FEET;
THENCE AT A RIGHT ANGLE SOUTHWESTERLY 54.713 FEET; THENCE AT A RIGHT ANGLE
SOUTHEASTERLY 407.223 FEET TO THE POINT OF BEGINNING.

BEING A PORTION OF 100 VARA BLOCK NO. 362.

EXHIBIT C TO ATTACHMENT NO. 7A

(HOTEL LEASE)

LEGAL DESCRIPTION OF CB-2 HOTEL SITE

LEGAL DESCRIPTION

ALL OF THE REAL PROPERTY SITUATE IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

NOTE 1: ALL ELEVATIONS HEREINAFTER MENTIONED REFER TO CITY AND COUNTY OF SAN FRANCISCO DATUM.

CB2 HOTEL PARCEL 1

LEVELS A AND B

ALL THAT REAL PROPERTY BELOW A HORIZONTAL PLANE AT ELEVATION 21.5 FEET, BOUNDED BY PLANES PROJECTED VERTICALLY BELOW THE LIMITS OF CERTAIN LAND DESCRIBED AS FOLLOWS:

BEGINNING ON THE NORTHEASTERLY LINE OF FOURTH STREET AT A POINT DISTANT THEREON 142.25 FEET NORTHWESTERLY FROM THE INTERSECTION OF SAID LINE WITH THE NORTHWESTERLY LINE OF HOWARD STREET; THENCE NORTHWESTERLY ALONG SAID LINE OF FOURTH STREET 408 FEET TO THE SOUTHEASTERLY LINE OF MISSION STREET; THENCE AT A RIGHT ANGLE NORTHEASTERLY ALONG SAID LINE OF MISSION STREET 260 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 255 FEET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 92.50 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 153 FEET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY 352.50 FEET TO THE POINT OF BEGINNING.

BEING A PORTION OF 100 VARA BLOCK NO. 363.

CB2 HOTEL PARCEL 2 (PEDESTRIAN TUNNEL)

ALL THAT REAL PROPERTY BETWEEN TWO HORIZONTAL PLANES, ONE AT ELEVATION 4 FEET AND THE OTHER AT ELEVATION 19 FEET. THIS SPACE IS BOUNDED BY VERTICAL PLANES WHICH EXTEND BETWEEN THE AFORESAID HORIZONTAL PLANES, THE LIMITS OF SAID VERTICAL PLANES BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING ON THE SOUTHEASTERLY LINE OF MISSION STREET AT A POINT DISTANT THEREON 170 FEET NORTHEASTERLY FROM THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE NORTHWESTERLY AT A RIGHT ANGLE TO SAID LINE OF MISSION STREET 82.50 FEET TO THE NORTHWESTERLY LINE OF MISSION STREET; THENCE AT A RIGHT ANGLE NORTHEASTERLY ALONG SAID LINE OF MISSION STREET 46 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 82.50 FEET TO THE SOUTHEASTERLY LINE OF MISSION STREET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY ALONG SAID LINE OF MISSION STREET 46 FEET TO THE POINT OF BEGINNING.

BEING A PORTION OF SUBSURFACE AREA OF MISSION STREET.

EXHIBIT D TO ATTACHMENT NO. 7A

(HOTEL LEASE)

LEGAL DESCRIPTION OF PEDESTRIAN TUNNEL

PEDESTRIAN TUNNEL
PHASE 1
PAGE 1 of 1
SEPTEMBER 17, 1984
(FINAL)

LEGAL DESCRIPTION

ALL OF THE REAL PROPERTY SITUATE IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

NOTE 1: ALL ELEVATIONS HEREINAFTER MENTIONED REFER TO CITY AND COUNTY OF SAN FRANCISCO DATUM.

CB2 HOTEL PARCEL 2 (PEDESTRIAN TUNNEL)

ALL THAT REAL PROPERTY BETWEEN TWO HORIZONTAL PLANES, ONE AT ELEVATION 4 FEET AND THE OTHER AT ELEVATION 19 FEET. THIS SPACE IS BOUNDED BY VERTICAL PLANES WHICH EXTEND BETWEEN THE AFORESAID HORIZONTAL PLANES, THE LIMITS OF SAID VERTICAL PLANES BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING ON THE SOUTHEASTERLY LINE OF MISSION STREET AT A POINT DISTANT THEREON 170 FEET NORTHEASTERLY FROM THE NORTHEASTERLY LINE OF FOURTH STREET; THENCE NORTHWESTERLY AT A RIGHT ANGLE TO SAID LINE OF MISSION STREET 82.50 FEET TO THE NORTHWESTERLY LINE OF MISSION STREET; THENCE AT A RIGHT ANGLE NORTHEASTERLY ALONG SAID LINE OF MISSION STREET 46 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 82.50 FEET TO THE SOUTHEASTERLY LINE OF MISSION STREET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY ALONG SAID LINE OF MISSION STREET 46 FEET TO THE POINT OF BEGINNING.

BEING A PORTION OF SUBSURFACE AREA OF MISSION STREET.

EXHIBIT E

To Attachment No. 7A

PERMITTED EXCEPTIONS TO THE HOTEL LEASE

1. A lien for real property taxes not yet due and payable.
2. COVENANTS, AGREEMENTS and AN EASEMENT for light and air all as provided and contained in that certain Agreement made by and between the following:

| | |
|--------------|--|
| First Party | Humboldt Savings Bank, a corporation |
| Second Party | Thomas Magee, William A. Magee, and Frederic E. Magee |
| Dated | October 20, 1905 |
| Recorded | June 19, 1908 |
| Book | 13 of Covenants |
| Page | 120 |
| Affects | that certain parcel of land described as follows: |

COMMENCING at a point on the Southwesterly boundary of the land of the parties of the second part, distant thereon 44 feet 6 inches Southeasterly from the Southeasterly line of Market Street; running thence Southeasterly along said Southwesterly boundary of the land of the parties of the second part 84 feet; thence at right angles Northeasterly parallel with Stevenson Street 19 feet; thence at right angles Northwesterly at right angles to Market Street 84 feet; thence at right angles Southwesterly parallel with Market Street 19 feet to the point of commencement. (Affects CB-1)

3. Encroachment Agreement and the terms and conditions contained therein

| | |
|--------------|---|
| First Party | English Investment Company, a corporation |
| Second Party | Humboldt Savings Bank, a corporation |
| Dated | August 21, 1914 |
| Recorded | August 31, 1914 |
| Book | 43 of Covenants |
| Page | 324 |
| Series | P-6594 |

(Affects CB-1)

4. The effect of the Yerba Buena Center Redevelopment Project Area D-1, so called, as approved by Ordinance No. 98-66 of the Board of Supervisors of the City and County of San Francisco, dated April 29, 1966. Redevelopment Plan and Acquisition Map filed July 21, 1966, Series No. P-03937, Official Records; and incorporated by referenced in the Declaration of Restrictions set forth in Exception No. 6 below.

Said Plan was amended by (a) Ordinance No. 201-71, adopted July 26, 1971, and recorded August 18, 1971, Instrument No. U-11274, Official Records; by (b) Ordinance No. 393-73, adopted October 9, 1973, recorded December 27, 1973, Instrument No. W-40397, Official Records; by (c) Ordinance #386-76 adopted September 13, 1976, recorded October 8, 1976, Instrument No. Z-031462, Official Records; by (d) Ordinance No. 367-77, adopted August 8, 1977, recorded November 23, 1977, Instrument No. A-48452, Official Records; by (e) Ordinance No. 420-79, adopted September 13, 1979, recorded October 16, 1979, Instrument No. C-036946, Official Records; and by (f) Ordinance No. 538-81, adopted November 1, 1981, recorded January 15, 1982, Instrument No. D-164784, Official Records.

STATUTORY STATEMENT pursuant to Health & Safety Code Section 33373, recorded July 21, 1966, in Book B 68, Page 348, Recorder's Series No. P-03938, and recorded January 15, 1982, in Book D340 Page 714, Series No. D164785, Official Records. Contains no express words of forfeiture.

5. The effect of the covenants, conditions, restrictions and easements contained in the Declaration of Restrictions by the Redevelopment Agency of the City and County of San Francisco, dated December 9, 1966, recorded December 13, 1966, in Book B103 Page 210, Official Records, instrument No. P-30087. (Yerba Buena Center Project Area D-1)

Contains no express words of forfeiture.

6. Any and all existing easements for public utilities and easements for ingress and egress in connection therewith, over all or any portion of vacated streets lying within said land.

7. Encroachments of improvements onto said land, as disclosed by that certain map entitled, "Record of Survey Map of Yerba Buena Center Central Blocks," recorded February 19, 1975, in Book "V" of Maps, at pages 102 and 103, in the Office of the Recorder of the City and County of San Francisco, State of California, as follows:

- a) along northeasterly line of the Humboldt Bank Building where the gingerbread encroaches to the maximum extent of 2.5' \pm located at 180' \pm up
- b) the cornice of a 7 story concrete building located on the northwesterly line of herein described property to the maximum extent of 1.0' \pm at top of said building.

8. EASEMENT affecting the portion of said land for the purposes stated herein and incidental purposes

In favor : City and County of San Francisco,
a municipal corporation
For : Street purposes
Recorded :
Instrument :
No. :
Affects : A portion of the CB-1 Hotel Parcel consisting
of all of the space between horizontal plane at
Elevation 26.0 feet and a horizontal plane at
Elevation 42.6 feet bounded by planes projected
vertically above the surface limits of certain
land as described in Note 3 on Sheet 1 of Attach-
ment No. 2 to the DDA

9. Any right, title or interest of persons, known or unknown, who claim or may claim adversely to the vested owners herein, by reason of the record title to all or any portion of vacated streets lying within said property not having been established and quieted under the provisions of the MCENERNEY ACT, so-called.

10. The Disposition and Development Agreement recorded in the office of the County Recorder of the City and County of San Francisco on _____, as Document No. _____, including but not limited to all easements and other rights granted therein or in any attachments thereto affecting or burdening the property.

4777.53

EXHIBIT F
To Attachment No. 7A

Uses by Pass Through Subtenants

Package liquor store
Florist
Barber shop
Beauty shop
Airline ticket counter
Rental car agency
Tobacco, sundry, candy and cosmetics sales
Newspaper, magazine and book sales
Travel agency and tourism sales
Theater ticket agency
Hotel gift shop*
Telephone
Vending machine and coin-operated games
Guest laundry machines

*May include the sale of tobacco, sundries, candy, cosmetics, newspapers, magazines and books.

EXHIBIT G
To Attachment No. 7A
FORM OF ACCOUNTING STATEMENT

Sample Ground Lease Rent Letter

Date _____

Mr.
San Francisco Redevelopment Agency
San Francisco, California

Gentlemen:

Enclosed please find our Consolidated Profit and Loss Statement for Yerba Buena Hotel for the four weeks ending December 31, 1988.

| | <u>Current Period</u> 12/3/88 - 12/31/88 | <u>Lease Year-To-Date</u> 1/4/88 - 12/31/88 |
|-----------------------------|---|--|
| Gross Room Sales | \$3,000,000 | \$49,939,000 |
| Gross Food & Beverage Sales | 1,200,000 | 16,771,000 |
| Gross Other Sales | <u>100,000</u> | <u>1,202,000</u> |
| TOTAL SALES | <u>\$4,300,000</u> | <u>\$57,912,000</u> |
| Room Sales x 4% | \$ 120,000 | \$ 1,997,560 |
| Food & Beverage Sales x 2% | 24,000 | 335,420 |
| Other Sales x 2% | <u>2,000</u> | <u>24,040</u> |
| TOTAL DUE | \$ 146,000 | \$ 2,357,020 |
| Less Minimum Rent | <u>(80,772)</u> | <u>(1,050,000)</u> |
| Percentage Rent Due | \$ 65,228 | \$ 1,307,020 |

Very truly yours,

MARRIOTT CORPORATION

By _____

Numbers are for illustration purposes only

Exhibit H

Liens on Personal Property

To be attached at the
time of execution of
the Lease.

EXHIBIT I
To Attachment No. 7A
Affirmative Action Program

See Affirmative Action Plan,
Attachment 21 to DDA.

EXHIBIT J

ENVIRONMENTAL MITIGATION MEASURES

An Environmental Impact Report, a First Supplement to the Environmental Impact Report, and a Second Supplement to the Environmental Impact Report have been prepared and certified for the Yerba Buena Center and the development of the Site, including the Land. They set forth certain mitigation measures applicable to the design, construction, operation and use of Yerba Buena Gardens which YBG Associates, a California limited partnership, as Tenant, and the Redevelopment Agency of the City and County of San Francisco, as Landlord, agree to implement as to the construction of each of their respective improvements on the Land. These measures are in addition to the obligations imposed under the Hotel Lease (hereinafter "Lease"); where the Lease imposes stricter requirements, the Lease prevails. The mitigation measures below which relate to construction apply to only Subsequent Construction under the Lease. The mitigation measures applicable to construction of Initial Improvements on the Land are included in Attachment No. 22 to the DDA.

A. Land Use, Zoning and Visual Aspects

1. Tenant shall place sidewalk lighting so as not to interfere with the vision of passing motorists and to avoid creating reflective glare on adjacent buildings.
2. Tenant shall provide litter pickup for the area included on the Land to maintain an attractive appearance with Yerba Buena Center.
3. Tenant shall construct temporary wooden barricades around the perimeter of construction sites where they border pedestrian routes in order to screen pedestrians from construction activities wherever possible.
4. Tenant will consult with the Commission on Aging concerning the Commission's "Gold Card" program and advise its retail subleasees of the program and encourage their use of it.

B. Community Services

1. Tenant will cause all refuse to be placed in metal dumpster containers to facilitate pick-up, and will

encourage rooms for the storage of recyclable wastes in all buildings.

C. Transportation

1. Tenant will implement "flex" time or staggered work hours and coordinate car and van pooling among employees.
2. Tenant will coordinate construction activities in the Land with construction contractors for any concurrent nearby projects which are under construction, are planned for construction or later become known, in order to minimize cumulative traffic impacts due to lane closures or street excavation.
3. Tenant will coordinate construction schedules to minimize disruption to the sidewalk system that would occur from simultaneous construction activity on both sides of a street and concurrent sidewalk closures or detours; the amount of pedestrian traffic generated by attendance at the Moscone Convention Center will be considered in the design of the walkways. Construction walkways will be maintained by contractors to provide adequate pedestrian safety.

4. Tenant will provide adequate, secure and safe bicycle parking to serve Hotel employees.
5. Tenant will encourage Tenant's contractors to direct trucks to and from the James Lick Freeway along Third and Fourth Streets during off-peak traffic periods.
6. Tenant shall provide off-street loading spaces to meet actual demand.

D. Climate and Air Quality

1. Dust generated by excavation and other construction activities shall be reduced by watering the site and covering load material in trucks.

E. Noise

1. Tenant shall notify the management of housing complexes adjacent to or across the street from construction sites when a Department of Public Works permit for nighttime construction has been requested for those construction sites.

2. Retail/commercial uses in areas exceeding maximum "satisfactory" noise level guidelines specified by the Transportation Noise Element of the Comprehensive Plan of San Francisco (San Francisco Department of City Planning, August 1974) will receive a detailed analysis of noise reduction requirements and have needed noise insulation features included in their design. These features may include sound-rated glass windows, air-conditioning and tight building construction.

F. Resource Use

1. Tenant, if applicable, shall use a water-efficient form of irrigation, such as drip irrigation, wherever possible and feasible, given the landscape materials employed.
2. Tenant, if applicable, shall recirculate the water used in all decorative fountains.
3. Tenant, if applicable, will use drought resistant landscape materials to reduce irrigation needs wherever feasible on the Land.

4. Landlord will review each building design to maximize the potential for incorporating solar energy for space and water heating in the Hotel.

G. Geology and Seismology

1. Landlord will require Tenant to prepare an evacuation and emergency response plan in consultation with the Mayor's Office of Emergency Services.

H. Ecology

1. Tenant, if applicable, shall use vegetation native to Northern California for landscaping, to the maximum extent feasible, subject to the limitations stated in paragraph F.3 above.

YERBA BUENA GARDENS

HOTEL LEASE EXHIBIT K

OCTOBER 2, 1984

GENERAL NOTES:

- (1) ALL TERMS USED HEREIN HAVE THE SAME MEANING AS THE SAME TERMS USED IN THE D.D.A., RETAIL LEASE, AND OTHER LEGAL DOCUMENTS.
- (2) WHERE THERE ARE INCONSISTENCIES WITH THE D.D.A., OR OTHER LEGAL DOCUMENTS, THOSE DOCUMENTS TAKE PRECEDENCE.
- (3) ESSENTIAL DESCRIPTIVE DATA: BLOCK IDENTIFICATION, PHASE, LEVEL AND ELEVATION, SHEET NUMBER, SCALE, DATE, NORTH ARROW, ARE AT THE LOWER RIGHT HAND CORNER OF EACH SHEET.
- (4) SECTION DIAGRAMS (NOT TO SCALE) ARE PROVIDED AT UPPER RIGHT HAND CORNER OF EACH SHEET. THE TONED LINE LOCATES THE AREA SHOWN ON THAT SHEET.
- (5) THE FOLLOWING LEGEND APPEARS ON ALL PAGES AT THE UPPER RIGHT HAND CORNER:
- PARCEL
 - PARCEL
 - EASEMENT
 - - - - - PROP. LINE
 - COMMON AREA
 - OTHER DIVISIONS
- (6) FOR PURPOSES OF GREATER LEGIBILITY SOME SPECIFIC BUILDING SITES (E.G., HOTEL, OFFICE, RESIDENTIAL, JESSIE STREET SUBSTATION ON CB1) HAVE BEEN INDICATED WITH A THICK PARCEL LINE (———), RATHER THAN A THIN PARCEL LINE (———). THICK AND THIN PARCEL LINES HAVE THE SAME MEANING. THESE LINES REPRESENT THE BOUNDARY OF PARCELS UNLESS OTHERWISE NOTED ON THIS EXHIBIT.
- (7) PARCEL DIMENSIONS ARE MEASURED FROM THE OUTSIDE EDGE OF THICK PARCEL LINES (———) AND MEASURED FROM THE CENTER OF THIN PARCEL LINES (———). IN CASES WHERE TWO SEPARATE THICK PARCEL LINES ARE ADJACENT, A WHITE LINE BETWEEN THESE THICK PARCEL LINES INDICATES THAT THE PARCELS ARE CONTIGUOUS. THIS IS INDICATED GRAPHICALLY BY:
- ||
- (8) A NUMBER OF EASEMENTS ARE SHOWN ON THIS EXHIBIT AND KEYED TO THE LETTERS AT THE LOWER LEFT HAND CORNER. THESE ARE GENERALLY LOCATED AND THEREFORE NOT DIMENSIONED. THESE EASEMENTS REFERENCED TO ARTICLE 41 OF THE HOTEL LEASE.
- (9) THE WORDS "ELEVATOR," "RAMP," "PEDESTRIAN WALKWAY," AND "SERVICE AREA" REPRESENT THE GENERAL LOCATIONS OF SUCH USES.
- (10) A POINT OF BEGINNING IS PROVIDED AT LOWER LEFT OF EACH SHEET OR WHERE APPROPRIATE, TO COORDINATE LEGAL DESCRIPTIONS OF PARCELS WITH THIS EXHIBIT.

- (11) CUT LINE: () A GRAPHIC DEVICE USED TO DISTINGUISH A CHANGE IN ELEVATION. AREAS NOT SHOWN ARE FURTHER IDENTIFIED BY THE FOLLOWING SYMBOL:



- (12) ALL ELEVATIONS ARE ON SAN FRANCISCO CITY DATUM.
- (13) STREET NAMES AND LOCATIONS ARE SHOWN.
- (14) ALL STREET LINES ARE IN ACCORDANCE WITH THAT CERTAIN PERIMETER PLOT PLAN ENTITLED "CB-1 YERBA BUENA GARDENS PERIMETER PLOT PLAN," "CB-2 YERBA BUENA GARDENS PERIMETER PLOT PLAN," "CB-3 YERBA BUENA GARDENS PERIMETER PLOT PLAN," AND "EAST BLOCK 2 YERBA BUENA GARDENS PERIMETER PLOT PLAN" PREPARED BY MARTIN M. RON ASSOCIATES, INC. AND DATED 9/17/84.
- (15) ALL ANGLES ARE 90 DEGREES UNLESS NOTED OTHERWISE.
- (16) BLOCK, STREET AND EXISTING BUILDING DIMENSIONS ARE TAKEN FROM RECORD DATA. ACTUAL FIELD SURVEYS MAY CHANGE THESE DIMENSIONS.
- (17) PARCEL LINES AND ELEVATIONS ARE BASED ON ARCHITECTURAL DRAWINGS AND CITY RECORDS, AND MAY BE ADJUSTED BASED ON ACTUAL SURVEYS. ELEVATIONS FOR SPECIFIC BLOCKS ARE BASED ON CERTAIN AT GRADE LOCATIONS AND WILL VARY AT DIFFERENT LOCATIONS ON THE BLOCK.
- (18) THE SITE AS DEFINED IN THE SCOPE OF DEVELOPMENT FOR EACH BLOCK IS INDICATED BY THE OUTERMOST LINES OF THE DIAGRAM ON A SHEET EXCEPT WHERE BRIDGES OVER STREETS OR TUNNELS UNDER STREETS INTERRUPT.
- (19) THE LEGAL DESCRIPTIONS WRITTEN BY MARTIN M. RON ASSOCIATES INC. AND DATED SEPT. 17, 1984 ARE TO BE USED WITH THIS EXHIBIT.
- (20) HORIZONTAL LIMITS OF PARCELS ARE SHOWN ON THIS EXHIBIT. CERTAIN VERTICAL LIMITS ARE SHOWN ON THE EXHIBIT. THESE CERTAIN LIMITS ARE FOR PROPOSED BUILDINGS OR PORTIONS OF BUILDINGS ONLY. FOR OTHER VERTICAL AND HORIZONTAL LIMITS OF PARCELS SEE LEGAL DESCRIPTIONS.

DEFINITIONS:

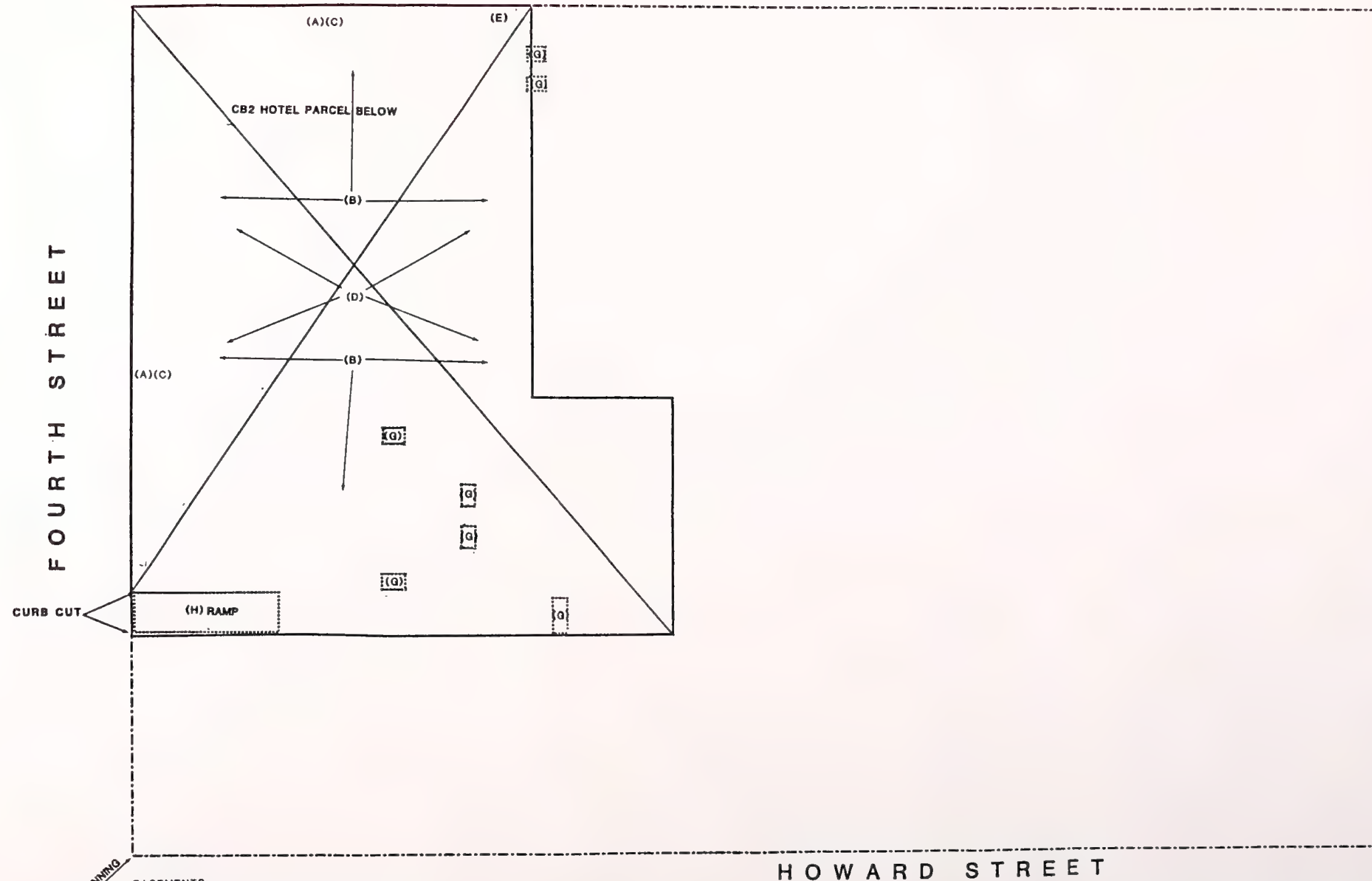
- (1) "CB1," "CB2," REPRESENT CENTRAL BLOCK ONE, AND CENTRAL BLOCK TWO, RESPECTIVELY.
- (2) "CB1:RIA," "CB1:R3C," ETC. ARE ABBREVIATIONS FOR "CENTRAL BLOCK ONE: RETAIL PARCEL ONE LEVEL A, CENTRAL BLOCK ONE: RETAIL PARCEL THREE LEVEL C," ETC., RESPECTIVELY.
- (3) "EL," AND "ELEV." ARE ABBREVIATIONS FOR ELEVATION.
- (4) "A.R.E." IS THE ABBREVIATION FOR AMUSEMENT, RECREATION, ENTERTAINMENT USES.
- (5) "ST." IS THE ABBREVIATION FOR "STREET."
- (6) "U.N.O." IS THE ABBREVIATION FOR "UNLESS NOTED OTHERWISE."

SHEETS INCLUDED:

| SHEET NO. | TITLE |
|-----------|---|
| 1 LEVEL C | CB2 HOTEL LEASE EXHIBIT K ELEVATION 21.5 (at grade) U.N.O. |
| 2 LEVEL C | CB2 HOTEL LEASE EXHIBIT K ELEVATION 21.5 to 41.5 (at grade) U.N.O. |
| 3 LEVEL D | CB1 HOTEL LEASE EXHIBIT K ELEVATION 14 TO 24 (below grade) U.N.O. |
| 4 LEVEL C | CB1 HOTEL LEASE EXHIBIT K ELEVATION 24 to 43 (at grade on Mission) U.N.O. |
| 5 LEVEL E | CB1 HOTEL LEASE EXHIBIT K ELEVATION 43 TO 61.5 (above grade) U.N.O. |

MISSION STREET

| LEGEND and SECTION KEY (NOT TO SCALE) | | CB2 |
|---------------------------------------|---------------------------|-----|
| | PARCEL | |
| | PARCEL | |
| | EASEMENT | |
| | PROP. LINE COMMON AREA | |



EASEMENTS:

- (A) PEDESTRIAN ACCESS IN FAVOR OF HOTEL TO BE LOCATED [41.02(c)(iv)]
- (B) THE RIGHT IN FAVOR OF ABOVE GRADE USES FOR SUPPORT, USE AND MAINTENANCE OF SUPPORT FACILITIES [41.01(a)(i)(ii)]
- (C) UTILITIES FACILITIES IN FAVOR OF HOTEL [41.02(c)(v)]
- (D) EXCLUSIVE USE OF HOTEL SLAB FOR LANDLORD USES [41.01(a)(ii)]
- (E) SUPPORT FOR BRIDGE [41.01(a)(iii)]
- (F) INTENTIONALLY OMITTED
- (G) PEDESTRIAN ACCESS IN FAVOR OF HOTEL [41.02(c)(iv)]
- (H) SERVICE RAMP TO HOTEL PARCEL IN PHASE 1 AND PARKING ACCESS IN PHASE 2 AS GENERALLY LOCATED [41.02(c)(vi)(y)(z)]



CB 2 HOTEL LEASE EXHIBIT K
 LEVEL C: ELEVATION 21.5 AND ABOVE U.N.C.
 (at grade)

SHEET
1
 OF

YERBA BUENA GARDENS
 A PROJECT OF THE SFRA
 ZRPA & WILLIS AND ASSOCIATES, INC., ARCHITECTS

SCALE 1"=80'
 OCT. 2, 1984

LEGEND and SECTION KEY
(NOT TO SCALE)
CB2

PARCEL
 PARCEL
 EASEMENT
 PROP. LINE
 COMMON AREA

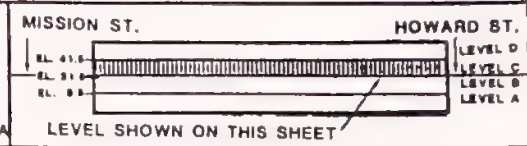
MISSION ST.
HOWARD ST.

EL. 41.5

EL. 21.5

EL. 0.0

LEVEL D
LEVEL C
LEVEL B
LEVEL A



FOURTH STREET

THIRD STREET

MISSION STREET

825.954'

314.954'

240'

(GALLERY)

CB2 CULTURAL PARCEL

CURB CUT

132'

(FORUM)

120'

CB2 GARDENS PARCEL 1
(EAST GARDENS)

137.28'

650.26'

108'

240'

(THEATERS)

CB2 CULTURAL PARCEL

CURB CUT

243'

240'

825.954'

HOWARD STREET

CB2 GARDENS PARCEL 1
(FESTIVAL PLAZA/ESPLANADE)

CB2 A.R.E. PARCEL 3
(ENTERTAINMENT)

CB2 GARDENS PARCEL 1
(FESTIVAL PLAZA/ESPLANADE)

CB2 A.R.E. PARCEL 1
(RECREATIONAL)

CB2 RETAIL PARCEL 1

CB2 GARDENS PARCEL 2
(WEST GARDENS)

CB2 A.R.E. PARCEL 2
(LEARNING GARDEN)

(COMMON AREA)
PEDESTRIAN WALKWAY

(COMMON AREA)
PEDESTRIAN WALKWAY

CURB CUT

CB2 POINT OF BEGINNING

EASEMENTS:

- (A) PEDESTRIAN ACCESS IN FAVOR OF HOTEL TO BE LOCATED [41.02(c)(iv)];
- (B) PARKING ACCESS FOR GARAGE IN PHASE 2 AND HOTEL SERVICE IN PHASE 1 [41.02(c)(vi)(y)(z)];
- (C) RIGHT OF PLACEMENT AND MAINTENANCE OF UTILITY FACILITIES IN CB2 RETAIL/A.R.E./GARDENS PARCELS IN FAVOR OF HOTEL [41.02(c)(v)(y)(z)];
- (D) INTENTIONALLY OMITTED
- (E) INTENTIONALLY OMITTED

- (F) INTENTIONALLY OMITTED
- (G) PEDESTRIAN ACCESS IN FAVOR OF HOTEL AS GENERALLY LOCATED [41.02(c)(iv)];



CB2 HOTEL LEASE EXHIBIT K
LEVEL C: ELEVATION 21.5 TO 41.5 U.N.O.
(at grade)

YERBA BUENA GARDENS
A PROJECT OF THE SFRA
ZRPA & WILLIS AND ASSOCIATES, INC., ARCHITECTS

SHEET

2
OF

SCALE 1"=80'
OCT. 2, 1984

FOURTH STREET

STEVENSON STREET

MARKET STREET

MISSION STREET

LEGEND and SECTION KEY

CB1

PARCEL
PARCEL
EASEMENTS
PROPERTY LINE
COMMON AREA
OTHER DIVISIONS

MISSION ST.

EL 81.8
EL 43
EL 24
EL 14

MARKET ST.

EL 34

LEVEL SHOWN ON THIS SHEET

KEY NOT TO SCALE

CB1 HOTEL PARCEL

(A)
(SERVICE EL. 14 AND BELOW)

(D)

(C)

EASEMENTS:

- (A) SERVICE AREA AND VEHICLE ACCESS IN FAVOR OF RETAIL AND CHURCH [41.03.1(v)]
(B) INTENTIONALLY OMITTED
(C) EXCLUSIVE RIGHT FOR BRIDGEZSUPPORT [41.01(a)(III)]
(D) RIGHT ALONG EASTERN LINE OF HOTEL FOR SUPPORT AND ATTACHMENT IN FAVOR OF LANDLORD [41.01(a)(iv)]

(PEDESTRIAN TUNNEL UNDER MISSION TO CB2
ELEVATION 4 TO 19) SEE SHEET 8



CB1 HOTEL LEASE EXHIBIT K
LEVEL B: ELEVATION 14 TO 24 U.N.O.
(below grade)

SHEET

3

OF

YERBA BUENA GARDENS
A PROJECT OF THE SFRA
ZAPA & WILLIS AND ASSOCIATES, INC., ARCHITECTS

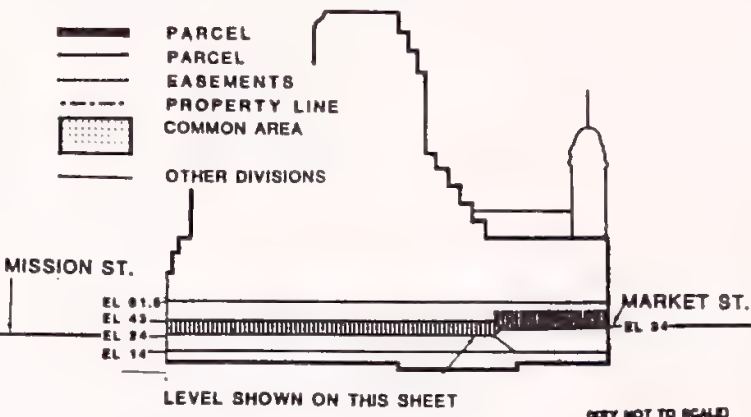
SCALE 1"=80'
OCT. 2, 1984

FOURTH STREET

MARKET STREET

LEGEND and SECTION KEY

CB1



STEVENSON STREET

STEVENSON STREET

CB1 HOTEL PARCEL

MISSION STREET

EASEMENTS:

- (A) SERVICE AREA AND VEHICLE ACCESS IN FAVOR OF RETAIL AND CHURCH [41.03.1(v)]
(B) VEHICLE TURNAROUND FROM ELEVATION 26 TO 42.6 IN FAVOR OF CITY
(C) PEDESTRIAN ACCESS IN FAVOR OF LANDLORD [41.01(s)(v)]
(D) INTENTIONALLY OMITTED
(E) 25' WIDE LIGHT AND AIR RIGHTS FOR HOTEL FROM MARKET STREET TO 98.50' FROM MARKET ST., 35' WIDE FROM 98.50' TO MISSION STREET [41.02(c)(iii)(A)(B)]
(F) PEDESTRIAN ACCESS IN FAVOR OF HOTEL, A 10' WIDE STRIP FROM 98.50' FROM MARKET STREET TO MISSION STREET [41.02(c)]

- (G) INTENTIONALLY OMITTED
(H) INTENTIONALLY OMITTED
(I) POINTS WHERE (F) ABOVE TOUCHES THE HOTEL PARCEL [41.02(c)(iii)(C)]



CB1 HOTEL LEASE EXHIBIT K
LEVEL C: ELEV 24 TO 43 U.N.O.
(at grade on Mission)

SHEET

4

OF

YERBA BUENA GARDENS
A PROJECT OF THE SFRA
ZRPA & WILLIS AND ASSOCIATES, INC., ARCHITECTS

SCALE 1"=80'
OCT. 2, 1984

FOURTH STREET

MARKET STREET

STEVENSON STREET

CB1 HOTEL PARCEL

CB1: R2E

CB1: R1E

CB1 HOTEL PARCEL
(EL. 52 AND ABOVE)

CB1 POINT OF
BEGINNING

EASEMENTS:

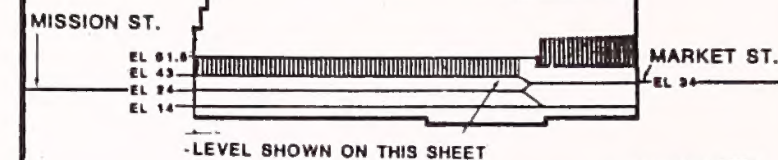
- (A) SERVICE AREA AND VEHICLE ACCESS IN FAVOR OF RETAIL AND CHURCH [41.03.1(v)]
- (B) INTENTIONALLY OMITTED
- (C) SUPPORT AND ATTACHMENT FOR ABOVE GRADE WALKWAY IN FAVOR OF RETAIL [41.01(a)(v)]
- (D) LIGHT AND AIR RIGHTS IN FAVOR OF HUMBOLDT BUILDING AND HOTEL (ELEVATION 66± AND ABOVE) [41.02(c)(i)]
- (E) GALLERIA END POINTS [41.02(c)(iii)(A)]

MISSION STREET

LEGEND and SECTION KEY

CB1

- PARCEL
- PARCEL
- EASEMENTS
- PROPERTY LINE
- COMMON AREA



CB1 HOTEL LEASE EXHIBIT K
LEVEL E: ELEVATION 43 TO 61.5 U.N.O.
(above grade)

SHEET

5

OF

YERBA BUENA GARDENS
A PROJECT OF THE SFRA
ZRPA & WILLIS AND ASSOCIATES, INC., ARCHITECTS

SCALE 1"=80'
OCT. 2, 1984





